



House of Commons
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 062 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, March 10, 2011

—
Chair

Mr. David Sweet

Standing Committee on Industry, Science and Technology

Thursday, March 10, 2011

• (1530)

[English]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): Good afternoon, ladies and gentlemen. *Bonjour à tous*. Welcome to the 62nd meeting of the Standing Committee on Industry, Science and Technology.

I am going to introduce our guests in just a moment, but I want to advise you of something. We had a request for documents last time when we had the chief statistician, Wayne Smith, with us. There was an article called “Nonresponse Rates and Nonresponse Bias in Household Surveys”, from which he had quoted some data. The article is 30 pages long, so it falls outside the parameters of translation. As a consequence, we are not going to be distributing it to members. They can access it themselves, I believe, via the Internet, if they want to reference this information. But I just wanted to advise you of that as far as our capability of being able to distribute it is concerned.

Now I'll go on to our witnesses. I'm going to introduce them briefly in the order they appear on the orders of the day.

We have the Minister of State for Science and Technology. He is also responsible for the Federal Economic Development Agency for Southern Ontario. Minister Goodyear, thank you very much for being here.

From the Federal Economic Development Agency for Southern Ontario, we have Bruce Archibald, president, as well as Clair Gartley. From the Department of Industry, we have Richard Dicerni and Kelly Gillis. And please, if I mispronounce your name, catch me right away so that I can correct it for the rest of the meeting. And from ACOA, the Atlantic Canada Opportunities Agency, we have Kent Estabrooks and Peter Hogan.

Do I have all that correct? Very good.

Other than the minister, does anyone else have opening remarks?

Okay, Minister Goodyear, please go ahead and proceed with your opening remarks. Again, welcome.

Hon. Gary Goodyear (Minister of State (Science and Technology) (Federal Economic Development Agency for Southern Ontario)): Thank you very much, Chair.

Good afternoon, ladies and gentlemen.

With me today is Dr. Bruce Archibald, the president of FedDev, and Clair Gartley, vice-president, business, innovation and commu-

nity development. As well, on my right is Richard Dicerni, deputy minister, and Kelly Gillis, chief financial officer for Industry Canada.

As many of you know, Prime Minister Stephen Harper launched FedDev Ontario with a \$1-billion, five-year mandate to deliver economic development and growth to the region by addressing the unique needs and priorities of workers, our businesses, and our communities in southern Ontario.

The global economic recession has had a significant impact on every region of Canada, including southern Ontario. As Canada's most populous region, it has been hailed the engine of our national economy since the 19th century. But the recession was very difficult, and we are now at a crossroads in our history. The economic downturn hit our manufacturing sector particularly hard, forcing plant closures and widespread layoffs. We were challenged by the impacts to a greater degree than other regions throughout the nation.

With the establishment of FedDev in 2009 our government set out to work with the communities, businesses, and residents of southern Ontario to help reshape the region's economy. Although economic recovery is clearly under way, the economy still remains fragile. We have been working hard to position the region once again as the backbone and driving force of the Canadian economy, and we've accomplished a great deal so far.

We began providing immediate assistance by launching the southern Ontario development program to address short-term, immediate realities by making long-term investments. Through Canada's economic action plan we introduced programs to give families, businesses, and communities a much-needed boost.

I'm very pleased to tell the committee that we have committed more than half a billion dollars in economic funding, which has resulted in some considerable successes in all of our communities. These include support for local arenas and small businesses, and improvements to roads and sewers.

For example, in Windsor, a region hit particularly hard by the recent economic downturn, we helped bring to life a state-of-the-art MediaPlex for St. Clair College. This project has created approximately 250 jobs.

In Guelph, with our help Melitron Corporation, a leading supplier of advanced manufacturing solutions, has implemented lean manufacturing processes, and Hammond Power Solutions has expanded its operations developing leading-edge technologies.

And we've reached out to our communities, our families and children by supporting renovations at the Boys and Girls Club in East Scarborough, as an example.

I could, Mr. Chair, go on literally for days citing examples of the positive impact that FedDev Ontario is having on the southern Ontario economy.

Now, thanks in part to our government's economic action plan, some 240,000 more people in Ontario are working today than in May 2009. While the economy in the region and across Canada is doing better than many other countries, we realize that it isn't just about numbers. It is, in fact, about people. It's about our families, our businesses, and their financial security.

As the economy grows stronger in southern Ontario we are expanding our focus on creating better, longer-lasting, better-quality jobs. We are building on our accomplishments so far by investing in innovation, projects that will help businesses increase their productivity and production and reach new markets here in Canada and around the world.

Our goal now is to develop the right tools to make sure that our businesses and communities can continue to innovate, to grow, both now and into the future. To do this, ladies and gentlemen, we are working right now on what we call the southern Ontario advantage. To ensure regional growth, attract the smartest minds, build and bring to market the most promising ideas, we are now focusing on four key areas.

● (1535)

First is our people advantage. Ladies and gentlemen, you will agree with me that the people of southern Ontario are indeed our greatest asset here. They are knowledgeable, experienced, and talented. But we continue to face pressures from an aging population. We have fewer workers in the skilled trades and we are struggling with the need to retrain employees to use the more technologically driven products to fill those more technologically driven jobs.

While we have a world-class post-secondary education system in southern Ontario, indeed across the country, we fall far behind compared to other OECD countries in degrees that foster innovation. These are degrees in sciences, engineering, and mathematics.

We are building our future talent pool of scientists, engineers, and business leaders through training and mentorships. We're helping graduates prepare for their first interview and at the same time giving local business access to the technical skills and knowledge of these students who can help fuel their innovation capacity.

We are also developing the skills and potential of our people by turning their ideas into products that are competitive in a global marketplace. This is what we're accomplishing through, for example, our new scientists and engineers in business initiative. We are working with not-for-profit organizations and post-secondary institutions that support skills development for recent graduates of sciences or engineering to improve their success at starting up new companies.

The second pillar of our southern Ontario advantage is the knowledge advantage.

Canada, ladies and gentlemen, is ranked 16th among the OECD countries in business expenditures on research and development, as a percentage of our GDP. We recognize this, and there are a number of

reasons for this. Mostly what we are hearing around the province is that businesses, small businesses for example, just do not have the research capacity on-site nor the skills to bring innovative products to the marketplace.

We are addressing this through our applied research and commercialization initiative. This is a recently launched \$15 million project that will help post-secondary institutions, our colleges and universities, bring new innovations into the marketplace by building partnerships to use their research capacity with our small and medium-sized business sectors.

We are also working through another new program called the technology development program, designed to further bridge the gap that exists between research and commercialization and put in place the conditions where ideas can be nurtured and high-quality jobs can be created. It encourages greater collaboration among post-secondary institutions and not-for-profit groups to bring advanced technologies with commercial potential to the marketplace.

The third pillar on the southern Ontario advantage is wrapped around our entrepreneurial advantage. Our stakeholders have been very clear with us that we need to provide entrepreneurs with access to proper funding to support their ideas and foster a renewed confidence and commitment from the investing world.

We responded to this great need with the launch of a new \$190-million investing in business innovation initiative. This is designed to help start-ups bring new products, processes, and practices to market faster, by leveraging angel and venture capital investments in southern Ontario.

But we're also focused on the big picture, the overall picture, of what it will take for Ontario to be competitive with the Chinas and the Indias of the world. This is why we invested up to \$210 million to launch the new prosperity initiative. This initiative is designed, of course, to create jobs and strengthen the economy in southern Ontario, but it is doing so by giving our businesses the tools they need to expand into promising new areas, generate opportunities for communities to diversify their existing economies, to help families and individuals as well as small business.

Mr. Chair, I have had the opportunity and pleasure to hear about the challenges facing businesses, industry, and community leaders throughout southern Ontario. Over the last year and a half I think it has become very clear that FedDev Ontario is committed to continuing to respond to the needs that we see around our provinces and build on the initiatives that we now have.

● (1540)

Thank you very much, Mr. Chair and colleagues, for this opportunity. I'm happy to answer any questions you may have.

Thank you.

The Chair: Thank you very much, Minister.

I forgot to advise the committee that the minister has until 4:30 and then he'll be departing. The officials have more time after that, if there are more questions.

Now, on to the first round of seven minutes, Mr. Rota.

Mr. Anthony Rota (Nipissing—Timiskaming, Lib.): Thank you, Mr. Chair.

Thank you, Secretary of State, for being here, as well as the others. We appreciate your being here.

I'm going to touch on a regional issue, which I bring up every time the minister comes, and I don't get any answers on it. It is regarding FedNor. It's a program, not an agency.

And congratulations to all of you on getting an agency. It's something that northern Ontario would really appreciate, but we seem to be locked up in second-class-citizen status.

The issue I'd like to ask you about is this. I've asked for numbers on FedNor a number of times, and the minister has said yes. He always says we'll get them to you, and he never gets them to us. We got a nice brochure with beautiful pictures from beautiful northern Ontario, but nothing else.

We went to the Library of Parliament and asked if we could get some numbers there. Do you know what the interesting comment from the researcher to my staff was? It was "You know, it would be a lot easier if it were an agency as opposed to a program, because then we could get the information." So we didn't get much from them.

I am going to ask for a commitment. I was hoping to ask the minister, but I'm sure the secretary of state would be able to commit to this. Could I sit down with the Industry Canada officials for one hour without political staff present, so I could get honest answers and real answers without any source of intimidation? I wonder if I could have that commitment.

• (1545)

Hon. Gary Goodyear: Thank you very much for the question, and let me respond.

First of all, as I think you might know, I'm the Minister of State for the Federal Economic Development Agency for Southern Ontario. That does give me the opportunity to travel around Ontario and to understand the needs of these communities.

As Minister of State—

The Chair: Excuse me, Minister, we have about three conversations going on around the table. I couldn't hear the minister, and I'm certain that Mr. Rota couldn't hear the answer.

I'm sorry, Minister.

Hon. Gary Goodyear: That's not a problem, at all.

As Minister of State for Science and Technology, I get the other beautiful honour to travel around the country and talk to folks. So I will say three things.

One is that I'm going to defer any questions about FedNor to the Minister of Industry—

Mr. Anthony Rota: I'll take that as a no.

Hon. Gary Goodyear: —but I have had some fantastic comments when I have travelled to northern Ontario about some of the great programs from FedNor.

Mr. Anthony Rota: Mr. Minister, I'll just go to the next question. I'll take that as a no. That will be fine. I understand that.

On page 144 of the supplementary estimates (C), I notice there is \$60,000 being transferred to NRC. What is that transfer for, and where is it going?

Hon. Gary Goodyear: Let me defer that to Dr. Archibald.

Dr. Bruce Archibald (President, Federal Economic Development Agency for Southern Ontario): Mr. Chair, that money is for operating costs to administer the added funds that we provide to IRAP.

Mr. Anthony Rota: Excuse me, Mr. Chair, I can't hear what's going on.

The Chair: I don't know what's happening today. We have escalated the conversations quite a bit.

An hon. member: Mr. Wallace is getting excited.

The Chair: There were actually about three conversations going on there. Could we keep it down a bit?

Sorry, Dr. Archibald, please continue.

Dr. Bruce Archibald: Mr. Chair, that \$60,000 is for operating costs incurred by NRC for administration of the IRAP program, for which we had given added grants and contributions dollars.

Mr. Anthony Rota: Thank you.

On that issue, FedDev is supposed to be an agency that's put in place. There is supposed to be a structure there. My understanding is that IRAP is actually operating that agency. Is that correct?

Hon. Gary Goodyear: I can probably answer that.

When FedDev was first launched, the economic situation in southern Ontario was at critical mass, so within about ten days of taking over the agency.... And I want you to appreciate that this is a brand-new agency. It required us to set up offices. I used to joke that the daytime job was creating jobs and the nighttime job was setting up the offices.

At that time, we looked for partners, folks who already had a great record of moving money into the economy, and IRAP is a great—

Mr. Anthony Rota: I'm very well aware. I understand.

Hon. Gary Goodyear: It's important that I explain that to you. We offered them additional funds to move into the economy, which they did, with great help, but that does require operating costs on their part.

Mr. Anthony Rota: I understand that, but what infrastructure does FedDev itself have in place? How many employees does FedDev have, and how many were scheduled to be in place by this time?

Dr. Bruce Archibald: FedDev has 232 employees, and that includes indeterminates, casuals, students, and secondments. The original Treasury Board submission gave authorities for up to 250 employees, so we've moved pretty much to our staffing requirements and are fully operational now.

Mr. Anthony Rota: So you've got 232 employees in place. And how many IRAP employees do you have working with you?

Hon. Gary Goodyear: As I said, we partnered with existing people like IRAP, like the Business Development Bank, like Yves Landry, like CME SMART, like the Ontario Chamber of Commerce. We looked for opportunities to move money quickly into the economy to help create jobs as quickly as possible, so we looked for programs.

We're using the IRAP program as an example. IRAP in your riding, and it's the same in my riding, you know is oversubscribed every year. It's a great program, but there isn't enough money to go around. The economic action plan did a temporary boost of \$200 million. We found the need greater, and the opportunity was presented to us to assist IRAP further. Around \$45 million was transferred to IRAP to complete some of their needs, and as I say, we worked with those other existing agencies without increasing the size of our administrative costs and bureaucracy—no offence.

• (1550)

Mr. Anthony Rota: On that \$125,000 that's being transferred from Industry Canada to what seems to be your office, I see part of it going to what I would imagine is IRAP. These are times of austerity, and yet I see \$60,000 being transferred to your office. It's actually \$65,000 going over. Can you explain why that money is being transferred? Is it no longer needed elsewhere?

Mr. Richard Dicerni (Deputy Minister, Department of Industry): This relates, I believe, to the minister's office transfer. Is that the one you're talking about?

Mr. Anthony Rota: Yes, exactly.

Mr. Richard Dicerni: When the agency was initially set up Mr. Goodyear had, and still has, two portfolios; one is Minister of State for Science and Technology and one is for FedDev, and Treasury Board made some initial allocations. In this round of supplementary estimates they have calibrated this better in terms of what should be paid by FedDev versus what should be paid by Industry Canada. We at Industry Canada cover part of the minister's S and T budget, so it's just a calibration that Treasury Board has determined to be more accurate—

Mr. Anthony Rota: Mainly staffing, or is it—

Mr. Richard Dicerni: Yes, it's staff in the minister's office. It's to better reflect how many people are working in Minister Goodyear's office as Minister of State for FedDev versus Minister of State for Science and Technology.

The Chair: Thank you, Mr. Dicerni.

Thank you very much, Mr. Rota. We're over time now.

[Translation]

The Bloc Québécois now has the floor.

Mr. Bouchard, you have seven minutes.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chair. I will share my time with my colleague Mr. Cardin.

Good afternoon, Mr. Minister, good afternoon Madam, good afternoon gentlemen. I thank you for coming to testify before the committee today.

Mr. Minister, you have forecast an adjustment of the appropriations. I think that it is \$17.08 million for the Natural Sciences and Engineering Research Council. Could you explain to us what this \$17.08 million adjustment to appropriations includes? This is in the Library of Parliament information notes. The French version says that it comes from supplementary estimates (C) 2010-2011, pages 136 to 138, under the heading INDUSTRY, where it deals with the Natural Sciences and Engineering Research Council.

Mr. Richard Dicerni: With your permission, I will take some time to read this chapter. I'll come back in three minutes, for the next turn.

Mr. Robert Bouchard: All right. In the meantime, I will put another question to the minister.

Under Statistics Canada, there is an amount of \$4.23 million. Recently, we heard the chief statistician, along with other witnesses. The chief statistician spoke of advertising, to the tune of several million dollars. He also said, and his statement was published, that the long form questionnaire would cost several million dollars. Indeed, the figure of \$30 million was put forward, but we knew that it would not cost that much.

Are you ready to comment on this subject? Do you see a surplus anywhere in your reports?

Mr. Richard Dicerni: The estimates speak of extra funds for Statistics Canada to help them make a better analysis of the consumer price index.

• (1555)

Mr. Robert Bouchard: Does it mention the \$4.23 million?

Mr. Richard Dicerni: That is it. What Mr. Smith mentioned yesterday was in connection with the census and the national survey of households that will be done this year. Therefore, we have two things that are somewhat different.

Mr. Robert Bouchard: He mentioned an extra \$15 million for advertising. If I am not mistaken, these are not extra appropriations, this was included in the budget. Am I right?

Mr. Richard Dicerni: It is in the Statistics Canada budget because the census will take place this year. The government had granted them funds for this purpose. If you compare with the estimates of previous years, you will note that this year there was an increase to cover the implementation of the census. The appropriations he mentioned are included.

Mr. Robert Bouchard: With regard to the sum of \$17 million that I just mentioned, and regarding the details of these expenditures, does this adjustment apply to Canada as a whole?

If we suppose that this applies to Canada as a whole, are you ready to give us a breakdown? How much will go to Quebec, for example? The adjusted sum of \$17 million for the Natural Sciences and Engineering Research Council is mentioned in pages 136 to 138.

Can you give us a breakdown and tell us how much goes to Quebec, or is this a total expenditure?

Mr. Richard Dicerni: This a total expenditure, but the appropriations are always based on excellence and on merit.

There is no allocation regarding the funds that the granting councils give to various researchers. This depends on the proposals that are submitted. These proposals are reviewed by peers in order to choose the ones that have the best rating. This is how the funds are granted.

All of the granting councils function the same way. There is a peer review of the proposals, and funds are granted pursuant to that.

Let me say that recently an allocation was made for chairs of excellence in research. Laval University obtained two of them and the University of Sherbrooke obtained one. As for McGill University, it also obtained two or three. Therefore, there is a good representation that reflects the academic excellence found in Quebec.

Mr. Robert Bouchard: This is interesting.

I would like to ask one brief question. With regard to adjustments to appropriations, does the department or the service obtain the authorizations it needs after the expenditures have been made, and when they realize they have overspent, or does it ask well before the funds are spent?

Mr. Richard Dicerni: This has to do with appropriations for 2010-2011. Actually, there are two weeks left before the end of the fiscal year. I think that this committee's objective is to review the last supplementary estimates and report to the House before March 31.

Mr. Robert Bouchard: As we speak, these amounts have for the most part already been spent. Am I wrong in saying this?

Mr. Richard Dicerni: I think that it would be fair to say that there are working hypotheses that have been formulated regarding the extra appropriations. Very often, these are transfers.

As for the Department of Industry, these are often transfers between government agencies. For example, every year, our department transfers \$75,000 to Treasury Board. This is our contribution to a national effort managed by Treasury Board; they organize an annual managers' conference. Every department makes a contribution. If you look at the additional appropriations for the departments, you will see that they all have the same amount of \$75,000.

A certain number of hypotheses must be advanced in the course of a year. This depends on the budget process. There is the budget, and supplementary estimates (A), (B) and (C). Now we are dealing with supplementary estimates (C).

The Chair: Thank you, Mr. Dicerni and Mr. Bouchard.

[English]

Now we go on to Mr. Braid for seven minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you very much, Minister Goodyear and officials, for being here this afternoon.

Minister Goodyear, thank you for your presentation today, for sharing this great news story concerning the programs and the impact of FedDev, and for your leadership of this important, great, new agency.

Minister, in your opening comments you said that 240,000 jobs have been created in southern Ontario. Since 2009, 460,000 jobs have been created across the country, so more than half have been created in southern Ontario, I think partly due to the valuable work that FedDev is doing.

Minister, could you start by listing some of the important programs that have been established under FedDev?

• (1600)

Hon. Gary Goodyear: I'd be happy to do that. Thank you very much.

As I mentioned earlier, when FedDev was initially set up, the crisis was pretty imminent, and the instruction from the Prime Minister was to create jobs as quickly as possible. I'll give you some examples of what we did.

There was the community adjustment fund, for example, of which FedDev took on the southern Ontario portion of this national program. We looked for applications, and we got a lot of them that would in fact create jobs the next day, such as replacing water treatment facilities. I'm sure in your ridings, as in mine, there were roads being repaved, and curbs, etc. These were jobs that were created immediately.

We also looked for opportunities to partner with folks who already had a finger into the economy, like IRAP and Yves Landry and some of these other great programs. But we travelled around the province as well. We spoke to literally hundreds if not thousands of mayors, economic development folks in communities, and university presidents. We spoke with people who were employed and people who were not employed. We continued to do that. We would take the feedback and start to look at our programs. We did in fact tweak the programs to the current needs.

So in the community adjustment fund, CAF-1 was actually a little different from CAF-2. If we were going to pave a street under CAF-1 because that's what a city wanted to do, under CAF-2 we would look for paving a runway at an airport, which might allow for future economic progress. As the economy continued to pick up, we changed again, and then again.

Just last November, we launched seven new programs. All of them are designed of course to create jobs as quickly as possible. The one I can tell you about is the graduate enterprise program, where we saw the need to put skilled folks into small and medium-sized businesses. We married that with graduates coming out of school into a weaker job market, and we saw the opportunity to put graduates into businesses. So we developed a program to do that. We saw the need for businesses to use more R and D to create, again, new processes or become more efficient, and to become more competitive, which all leads to more jobs.

So we developed a program called the applied research and commercialization initiative, where we said to colleges and universities, "Here's a pot of money, \$15 million over two years. The way to get it is to go out and talk to small businesses around the province and help them be better."

Recently I launched one of those programs where a luggage manufacturer needed to find a better way to produce aluminum luggage, and with the help of a college and their skilled students and laboratories, they did exactly that.

We launched seven new programs. They are for graduates. They're for small businesses. They're for not-for-profits. They're repayable contributions for profits. They're for venture capital folks to help our entrepreneurs, all the way up to the serious jobs of the long-term future, which is our youth STEM initiative.

This is again seeing an opportunity. From the science and technology file, I am hearing that scientists could probably do a little better at business. With the decline in R and D by the private sector, we felt that businesses could probably learn a bit more about the value of science. We can start that after people graduate from university, and I just mentioned that we are. But I believe the way to start that is actually in grade three, grade five, grade nine, and this is what we continued to hear on the ground.

So the youth STEM initiative is a \$20 million initiative for folks who already do programs with kindergarten through to grade 12, to get them interested in those key subjects that we know will lead our innovation, which we know will improve our productivity and which we have seen other countries are beating us on. That is, PhDs and graduate degrees in science, technology, engineering, and mathematics.

•(1605)

Our programs now have gone from creating jobs tomorrow by improving infrastructure—they've been extremely successful—to creating jobs today, and longer-lasting, better quality jobs of tomorrow in that knowledge-based economy that we are facing as the global economy has changed.

Mr. Peter Braid: Something I want to touch on, which you mentioned in your opening presentation, is the investing in business innovation program. As the member of Parliament for Kitchener—Waterloo, I have received particularly positive feedback from small tech companies, from start-up companies, and from the venture capital community concerning the value of this program. Could you speak a little about the gap that it fills and why this is an important program not only for today, but for the future?

The Chair: You have 40 seconds, Minister.

Hon. Gary Goodyear: I'm sure everybody in the room has heard about the "valley of death". We have all read the statistics of a drop in venture capital and investment capital to help small businesses, especially the higher-risk businesses. We need to address that, if we're serious about moving this economy and stabilizing the economy.

That said, we took a very strategic position that if a venture capitalist comes along and is registered and meets the requirements in Ontario and is willing to put dollars on the table, then the investing in business innovation program is open to them, and they will be considered.

We need to fill that gap. We have many very creative people in Ontario whose creations, whether by way of an improvement in a process, a new software, a better way to make an aluminum suitcase.... People sometimes need to get over that hump, and they can't always count on the traditional methods, which are banks.

The Chair: Thank you, Mr. Braid.

Now we go on to Mr. Masse for seven minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Mr. Minister and the rest of the guests here today.

Thank you for noting the MediaPlex. It is an important project. Ironically, I was on city council with the group that fought off its becoming a strip bar.

The Chair: Well, that worked out pretty well.

Mr. Brian Masse: Yes, it worked out pretty well, absolutely; it's a good project. Unfortunately, the delay of the opening was.... But that's another story.

There are 250 jobs. Would those be just immediate jobs, in terms of what you were referring to? How many of those 250 jobs are long-term? Are you talking about purely the construction and design element?

Hon. Gary Goodyear: I'm going to have to defer, if somebody has the exact answer or a promise to get you that exact answer.

My understanding at this point is that it is in fact constructions jobs as well as teaching jobs that will be created as a result of the new institute and assistance to the students.

Mr. Brian Masse: That's fine.

You mentioned as well the runway. We had a runway extension in Windsor. One of the problems we're faced with...and I hope you'd agree that when we have these projects in the community, you're hoping people from the community are hired. Is that correct?

Hon. Gary Goodyear: We're not delegating that they hire somebody from down the street; we let the market play out on that. Obviously, if you're going to hire a construction company or a paver, you're not going to have them come from Cambridge all the way down to Windsor—although when I was in the paving business, we did go as far as Stratford. So we think that the initial jobs were there to help the community.

Some of our other programs, Brian, are actually designed to help, for example, in the Windsor area. We want to change the economy a little bit in some of these communities that have either one or two industries or are heavily reliant, for example, on the automotive industry.

A good success story in your area was a company that was heavily into automotive, which came to FedDev and said it had a great idea to move into medical devices. Of course, that struck a chord with the diversification of your area, and they ended up getting help from FedDev and have completely swung their business away from automotive and have developed a new economy for themselves and your area.

Mr. Brian Masse: We have a couple of those, but I want to go back to the airport example. I'm glad you made your comments, because what happened was that actually trucks did come from Orangeville, where they had a 3% unemployment rate at the time. We had an over-10% unemployment rate. The truckers came down, they slept in their trucks overnight, and then they paved. A local contractor picked it up and then got the labour to come from so far away. None of the workers were actually local on that project.

Would it not be wise to consider, as they do in the United States, having a local workers mandate, or some clauses to ensure that there's going to be some of that? We're having problems with some of these large-scale projects.

I can tell you that we've also had this happen on the border work, for which, for example, surveyors came down from London who have more than ample work, while we have people in the surveying industry laid off in Windsor, collecting unemployment insurance or on welfare.

• (1610)

Hon. Gary Goodyear: I think that's exactly why FedDev took a strong look at the hardest hit areas in southern Ontario. We had a focus on those ten hardest hit areas, and of course your riding, Windsor, was one of them, and Welland, and and some other areas around. That allowed us to provide a yes to hundreds of projects all over the province. I suspect that workers came from various areas.

I can tell you that when I was travelling around doing round tables, the motels we were staying at were in fact filled with construction workers. But I also hear in my own riding that people in my riding—asphalt companies, cement workers, architects—are being hired for the university, which happens to be next door and not in my riding.

It all ends up putting money back into the economy. We don't know where those folks shop, but they get out, they spend that money, and that helps the economy. And obviously, I guess, overall, 240,000 jobs were created. I will tell you that over 200,000 of those jobs are full-time jobs.

Mr. Brian Masse: I appreciate that. But the reality is that if a city like Windsor is going to get stimulus funding, we need to make sure Windsorites are going to be among the recipients. And I hope there is actually going to be a review or an audit on this, because you have half the funds left over.

And with the remaining time I have, I would like to hear a little bit.... What is the difference between this and the old TPC program?

There was lots of criticism of the technology partnerships program that was in place before and the lack of return it had and the lost money. The Canadian Alliance probably has a phone book full of quotes from the House of Commons on this, for years. Can you explain whether there is a loan element to this still, and the payback systems? What's the difference between that and what you have now?

Hon. Gary Goodyear: Let me make two quick responses.

Our concern was that if we were in fact to put too much work into one area and run out the number of drywallers in an area, the price of drywall would go through the roof and it would counter the effect we were trying to have. So that's probably why we would not put forward legislation or suggestions that people had to be hired up the street. With this massive stimulus program, you would simply eat up the workers who were local. So it worked out very well. I think it worked out very well in Ontario.

To your second question, I won't comment on TPC because I don't know the program, except that it was a massive failure. But what I do know about FedDev is that we've taken great strides to look at who is receiving the money, with significant due diligence. Generally speaking, if it's a not-for-profit, it's a grant. If it is in fact a business, it is a repayable contribution. Generally that's the rule.

Mr. Brian Masse: You've listed off several programs and they're all through here: scientists and engineers in business initiative; the knowledge advantage; applied research and commercialization initiative; and technology development program. They seem to cross over a lot with regard to some of the language that's used. Do you have brochures and packages and stuff like that, and are these all out the door right now?

Hon. Gary Goodyear: They're all launched. Some of them are four years; some of them are two years. The ARC program, for example, is a two-year program. Some of them are over many years. Again, the reasoning behind that is that we are in fact now looking for the big game-changing players who will change the economic situation in Windsor.

Those sizes of program usually require more than one year, so we went to a multi-year program, again modifying based on feedback from stakeholders.

We do have a fantastic website. Of course we have brochures. I would invite you to look at that, because the criteria do look as if they overlap, and in some cases they do, but mostly they fit niche areas, as I mentioned. We're looking at helping folks who haven't graduated yet, folks who haven't even hit high school yet. We're looking at helping businesses; we're looking at helping existing businesses expand. We want to help businesses train their current employees. We want them to have access to skilled trained employees. And we want the economy to continue to grow more and more through the private sector.

• (1615)

The Chair: Thank you, Minister Goodyear.

Thank you, Mr. Masse.

We now go on to Mr. McTeague for five minutes.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you, Chair.

Minister, thank you for being here.

And thank you to all your colleagues as well. It's good to see some of you. Some are very good, I must admit, at a good game of golf—Mr. Dicerni—and I could still learn a few points.

Let's talk about science and technology. Minister, one of the concerns that has been raised in our region, in Toronto and southwestern Ontario, has been the application process recently with SRED. You'll appreciate that this is a little bit outside and probably has a lot to do with the minister responsible for Canada Revenue Agency. But it seems to me that all initiatives that are used that could have a positive effect on encouraging and fostering greater research and development seem to be stopped by several of the revenue offices, which are suggesting now that perhaps as little as 10% might be remitted on the dollar.

Clearly, I don't want to mention names. Several of these companies are very notable. You've visited them in places like my colleague Terence Young's riding in Oakville. I'm wondering, Minister, if you've had a chance in your deliberations or if you will have a chance in your deliberations to ensure that the SRED program is as intended and will continue to provide expectations to companies that make investments that they in fact will receive a return that allows them to continue.

In the case of one company, which I won't discuss publicly, it may very well have to shut its doors—or, worse, be bought out by an American company that will take that technology with it.

Hon. Gary Goodyear: Thank you for the question.

These would be the round tables on science and technology. We've heard a number of issues, and I'll just bring you to the decision-making point.

Canada now spends more on science and technology research than our G-7 partners as a percentage of GDP. We're number one. And we do that very well. I'm very proud of that. Where we are not number one is in the private sector expenditures on research and development. We are trying to address that, as I indicated earlier, with the applied research and commercialization initiative. But that said, our government spends a lot of money on incentives to business to encourage business to do R and D, and the SRED credits is one of the more common and is frankly very expensive. It is around a \$4-billion cost to the taxpayer.

So we have a plethora of incentive programs for businesses to take advantage of. In total, above and beyond SRED, it is around \$7 billion. So you have to ask the question, if in fact we're putting that much money on the table to help the private sector, how come we're lagging so far behind on the utilization? So last year I launched a panel led by Tom Jenkins to look at all of the federal government's suite of private sector incentives to do R and D. The mandate of the panel is to have a look at them and have a look at what is happening around the country, consult widely, and come back to me this October with recommendations—not to increase or decrease, let me

be very clear about that, but to look at the programs and tell us why they aren't working. If they're not, what are the complaints—for example, about the process of applications—and how can we make them better? Because ultimately what we have here, as I said, is somewhere in the neighbourhood of \$7 billion to encourage businesses to do R and D, and they're just not stepping up to the plate like we need them to.

Hon. Dan McTeague: That's good to hear. Thank you, Minister.

Minister, I'm looking here in your main estimates that the IRAP program will witness a 41% or \$98-million reduction this year, if I'm reading the lines correctly. Can you explain to me why that is happening?

Hon. Gary Goodyear: I'd be happy to do that. In 2009, when we brought down Canada's economic action plan, we did a temporary two-year bump-up of \$200 million to the IRAP program. The two years is up, and Canada's economic action plan is now moving to its next phase. That's what you're seeing there.

Hon. Dan McTeague: On the transfer of \$18,458 out of the funding provided for broadband implementation, this is something this committee has over several years been very concerned about. I think it's vote 1 on Industry. I'm wondering, if there are any changes in the implementation timelines of the initiative, what do you think the impact is going to be on the stakeholders?

Hon. Gary Goodyear: Broadband of course is under the Ministry of Industry, so I may defer to the officials. But if I could just brag, Broadband Wizard Inc., Brian, in your riding, got funding under FedDev—

The Chair: I'm sorry, but—

Hon. Gary Goodyear: —so we have a number of initiatives to improve broadband.

The Chair: —we're actually over time.

Hon. Gary Goodyear: Deputy Minister of Industry, would you like to respond?

• (1620)

The Chair: Could you do it very briefly?

Mr. Richard Dicerni: The government announced as part of the economic action plan that about \$225 million would be spent on improving broadband. I think we have rolled out to date something close to \$100 million in our work and initiatives. We are in the process of continuing to negotiate contribution agreements with other proponents, and we will reprofile some to next year because these things take a bit of time to properly do.

The Chair: Thank you, Mr. Dicerni.

Now on to Mr. Van Kesteren for five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Chair.

Thank you, everybody, for appearing before us.

Minister, I get all excited when you start talking about all these programs. I get excited about them because, as you know, a number of them have been in my riding as well. There's the KIP program, knowledge infrastructure program, at St. Clair College. I think the community adjustment was another program you're responsible for. We have a huge sports complex.

When you mention St. Clair College, of course, there's a St. Clair College in Chatham as well. I have visited there a number of times. It is just abuzz and excited about what's happening. We were commended by the president, Dr. John Strasser, for the work the government has done. I would like to convey to you just how happy they are.

I would be remiss if I did not tell you about Ridgeway College. I think you are aware that Ridgeway College is involved in a number of projects for new biofuels. This also would have been impossible without the funding provided by your ministry. We have two projects in southwest Ontario. There's a vast array of them.

I wonder if you could give us an update on how many projects are out there, and how many you feel will be completed by the October deadline, and the stages of these projects. Before I sign off, I'm going to give you an open invitation to come down to southwestern Ontario and see the beautiful stuff happening there.

Hon. Gary Goodyear: I'd love to do that.

As far as the number of projects goes, we could probably sit here and list how many projects there are. There are literally hundreds. There are so many programs. CAF-1 had approximately 90 applications that were agreed to, out of some 597 that were sent in. The SODP program had some 1,800 applications asking for \$1.6 billion. We had about \$100 million under that program. We could list all the programs. The ARC program has 24 current applications. They are all different, and we would be more than happy to get you the data.

I will say, though, on your second point, if you want the number of applications under each program that has closed, we can certainly provide that. I do want to make sure that you know that many of these programs are currently open and ongoing.

We're very proud of the fact that we're flexible, and in a sense agile. I do remember going down near your riding into Leamington one day, when they had a tornado whip through and destroy the docks, which threatened an entire tourist season. As a result of the program and the fact that they had an application in there, I flew down, I think it was the same day or the next day, and then came back to Ottawa and we sat down and got to work. We were able to fix that, and offer them the opportunity to save their tourist season.

The program is very flexible. I appreciate that it has been everywhere. I can't remember all of the applications, although when they're mentioned to me I do think, oh, yes, I remember that one. These go to the department, and we need to credit the folks at FedDev who see these applications by the hundreds, and who make sure they're in the right program, that they fit the criteria and the terms specifically of the program. We do get so many applications and so much surplus that we do have the ability to make sure we get money out where it's most needed and out quickly.

• (1625)

Mr. Dave Van Kesteren: On that same vein, I wonder if you could maybe tell us a little bit about a panel of distinguished Canadians you've appointed to conduct a review of the programs administered by the government for support. And while you're talking about that, could you talk about Windsor too? We're close to Windsor, the auto 21—the importance of that...money well spent. We have all these centres of excellence. Where do we plan to go with that?

We know the great work they've done in the auto industry, and in the trucking industry as well. I had a chance to visit the auto 21 and saw the work that's being done with the diesel engines. The opportunities that are there and the world-class facilities... As a matter of fact, we have world-class personnel there. Maybe you could just expand on that a little.

The Chair: Minister, I'm sorry.

Mr. Van Kesteren, you are over your time, and I need to be fair.

I'm mindful of your time also, Minister. I understand your departure is at 4:30. Is that correct?

The last questioner, then, from the Bloc Québécois, is Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chair.

Madam, gentlemen, Mr. Minister, good afternoon.

Since the Department of Industry is in charge of science and technology, when we deal with the totality of grants and contributions for these components including research, all of that is managed within this department. If, for example, there are scientific and technological research programs that have to do with the environment, requests can be made by the Department of the Environment, but the budgets will be included in the grants and contributions of the Department of Industry, if I understand correctly.

Earlier this week, in a Sherbrooke local newspaper, there was an article about the Canadian Foundation for Climate and Atmosphere Sciences at Sherbrooke University. There were people who are working at the PEARL laboratory in the Arctic. We know that within the framework of Canada's economic action plan, the government gave a \$1.8 million subsidy to the PEARL laboratory. At that time, of course, the researchers at Sherbrooke University believed that the program was on a sure footing. We know now that last year, their budget was reduced.

I wondered why, on the one hand, investments are made in the laboratory as such and on the other hand, people are already envisaging its possible closure. I was trying to look through the various elements. I had some difficulty finding these sums of money. There are great variations involved in the research at the PEARL laboratory. Therefore I wanted to know what the government intends to do. Why, on the one hand, are they investing in the laboratory, and on the other hand, reducing funding for research, including funding for the researchers working on this project at Sherbrooke University?

[English]

Hon. Gary Goodyear: To respond to your question, the particular project you're talking about is under the Department of the Environment. I note that if the research is in the north, it's the Minister of Northern Affairs; if it's under health, then it's the Minister of Health.

Our role as the science and tech.... I'm a minister of state inside Industry Canada. We would provide funding for the laboratories. The laboratories are permanent structures. Under the economic action plan, we provided \$2 billion to rebuild research capacity all across the country, and that had to be matched.

The good news is that it was matched—by the Province of Quebec, in your case. In some cases it was matched by the private sector. The \$2 billion actually grew to \$5 billion, rebuilding the laboratories and research facilities across the country.

In the same year, we also put \$750 million into CFI. Part of that money goes to put the equipment into those laboratories. The research councils actually make the decisions on which researcher or which research project gets funding, and I should say that the decision is made by scientists, not by me. These are independent, peer-reviewed panels. Most often, it's scientists saying, this is a good scientific project, these are good scientists, and so on.

So we have the capacity to move money into the councils, who make the final decision. Since we have been in government, we've increased funding to the councils by about 23% on average. I will say that no government in the history of this country has provided so much funding for scientific research. The Prime Minister himself has said that science powers commerce, and that's why we're at \$11.7 billion of annual funding for science and technology.

On the Arctic and polar research side, we also put just over \$80 million into a number of research labs in the north. For the research that goes on inside those labs, the funding actually comes from another source.

• (1630)

[Translation]

Mr. Serge Cardin: You are saying that there is more and more investment being made in sciences, technology and research. However, there are more and more reductions in various sectors.

Let us take, for instance, research in the humanities and social sciences. The government clearly stated that it wanted to orient research, especially if it is a ready source of income. Some research projects in pure science do not make money right away, but they are necessary for development and innovation. You have abandoned human sciences to invest in something else. You said that this was due to the environment. Nevertheless, the sums of money are...

[English]

The Chair: You're way over your time, so I'll give the minister a moment.

Hon. Gary Goodyear: Very quickly, I'll respond by saying there were no cuts to science and technology. Every council has received an increase of on average 23%, including the Social Sciences and Humanities Research Council. We actually have the great ability in this country to do all of it. When you hear an announcement that

we're funding the commercialization of research, do not assume that we have stopped funding somewhere else. It's not true.

That \$11.7 billion is going right into, for example, the Perimeter Institute, which is the leading institute on the planet in physical mass quantum computing. There are things about which we don't know when they'll ever make a discovery—regenerative medicine. But we also fund all the way along the spectrum, from blue sky discovery, pure science, all the way down to saying, hey, you've developed a floor tile that has antimicrobial properties, and we need to get that out, we need to get that invention onto our factory floors and sell it to the hospitals around the world.

The Chair: Thank you, Minister.

Hon. Gary Goodyear: Thank you very much.

The Chair: I let it glide for quite a bit there.

This is the time that the minister needs to depart. We'll take two minutes to suspend.

Dr. Archibald, Minister Goodyear, thank you very much.

• _____ (Pause) _____

•

• (1635)

The Chair: Ladies and gentlemen, welcome back. We'll continue our meeting for as long as there are questions, or until the bells go at 5:15.

Now, in the rotation, we're over to the Conservative Party for five minutes. Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair, and I want to thank our guests for being here.

I actually don't have any hard questions today, so that's good. I do want to start with some basic ones. If I'm reading this correctly, this is supplementary estimates (C), we're looking at the total ministry numbers. It looks like \$7 billion.

Mr. Richard Dicerni: What page?

Mr. Mike Wallace: This is page 141. And that's total estimates to date. Is that correct? Am I seeing that as 7\$ billion? Am I right?

Today you're actually asking for approval for \$23 million, is that correct?

Mr. Richard Dicerni: That's all in, including the portfolio.

Mr. Mike Wallace: If I did my math right, that's about 0.3%. Can you tell me why, after \$7,000 million, you cannot find \$23 million within your own organization to transfer around, to cover off these expenses?

Mr. Richard Dicerni: If I had control over the \$7 billion, that would probably be possible. But a lot of those, if you look carefully, are referred to as the portfolio. For example, the Space Agency is there, which has its own deputy minister; the National Research Council has its own president, who has the same ranking as a deputy minister and is accountable for those funds.

So it's not as though there is just the Department of Industry that has oversight of \$7 billion; there's a series of other elements. Moreover, it's broken down, as you know, between operating capital and grants and contributions.

Mr. Mike Wallace: Of the \$7 billion, how much is non-budgetary overhead, or whatever you want—statutory spending that you can't really change? How much of that \$7 billion is...?

Mr. Richard Dicerni: I can tell you how much is in the department. The key is not necessarily statutory, as per the department; it's the fact that the spending objects are placed in other departments within the broad Industry Canada portfolio.

Mr. Mike Wallace: Deputy Minister, in the front of this book and in your own estimates here, there are transfers between departments. There's a transfer here with the RCMP, for example. What I don't understand is why we cannot find a way, from a management perspective, to transfer money around within your own overall budget to cover...

I'm not happy that we have supplementary estimates (C). We're going to be at the end of our fiscal year in a few weeks and we're still approving expenditures.

Then when I look at the actual.... Now, this is a year old, because it gets to be a year old, unfortunately, when we get the Public Accounts for 2010. I'm picking on you because you're here; I would do the same at any other committee. When I look at what you were allocated and then at what you spent, you saved a whole bunch; it wasn't all spent. What we don't see in the estimates, whether it's in the mains or in the supplementaries, is the actuals. We always see what you're estimating—what you plan on spending—and then have to go to a whole other set of books, which is way behind, in my view, when we get it, to see what you actually spent.

I'm looking at this and I'm new at it. I've been at it for five years and I'm still new at it. You're not spending everything. I don't understand what we need to do.... Tell me what as a government we need to do—I don't mean us on this side, but government in general—to change the process to allow us to say: we have given this department, this ministry, x amount of dollars; now move it around to make it happen, but don't come back to us. And we would do a good job of scrutinizing how much you get at the beginning, and then “leave us alone” for the rest of the year.

I get frustrated that when I look at the amount of money that you came back for in supplementary (B) and that is due to changes in budgets, and blah, blah, blah....

I'm looking for your advice, sir. Is there something we should be implementing from a public service management point of view to allow this to be cleaned up?

• (1640)

The Chair: Can you give that advice with a very short timeframe so that I can also stay within the integrity of the time?

Mr. Richard Dicerni: The aspect of main estimates, supplementaries (A), (B), and (C) has been around for a few decades, if not half-centuries. The problem you're raising is one that goes fundamentally to how the government keeps its books, how it operates. We are but loyal soldiers of the rules that have been worked out over time between Treasury Board, the Auditor General, and the

public accounts people in regard to disclosure, constraints, maintaining a balance.

Mr. Mike Wallace: I was looking for some advice to talk to the general in that soldier's war.

The Chair: I think that advice will have to wait for another round, Mr. Wallace.

Now we'll move on to the New Democratic Party and Mr. Stoffer for five minutes.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Chairman, thank you. It's a pleasure to be here on this committee.

Folks—Mr. Estabrooks and Mr. Hogan—you're two of the finest Nova Scotians you'll ever meet. With that, I have a few questions to ask of you.

As all of us know, ACOA when it started out didn't have the greatest track record for responsibility for taxpayers' money when it came to recovering some of the money put into Cape Breton enterprises. But I will give you guys credit. Over the last seven years, the cleanup of that department has been tremendous, and you deserve a lot of credit for cleaning an awful lot of it up.

Having said that, there are still some problems that we hear—and they are front-page news every time—when a company receives ACOA funding of some kind and then, once the funding is gone, they leave or the company no longer operates.

What parameters are in place so that when companies get loans of some kind, the recovery of that money back to the taxpayer can happen, so that the company doesn't just claim bankruptcy and off they go to another part of the planet?

Mr. Kent Estabrooks (Acting Vice-President, Finance and Corporate Services, Atlantic Canada Opportunities Agency): Thank you for the question.

Every contribution ACOA gives to business or a not-for-profit organization is subject to a contribution agreement. In the provisions of those contribution agreements, there are many of them, and they certainly contain provisions for us to collect moneys back if the projects did not get conducted as intended.

Mr. Peter Stoffer: What is the current rate of responsibility of return loans? Is it 80%, 90%? I know it has improved over the years.

Mr. Kent Estabrooks: I don't have the collection rate with me today, but I'd be happy to get that for the committee.

I can say, however, that of those contributions we make that are repayable we collect back in excess of in the range of \$47 million to \$55 million per year, on average.

• (1645)

Mr. Peter Stoffer: But how much goes out in the first place, in percentage?

Mr. Kent Estabrooks: This is getting back to the question of the percentage, which I don't have.

Mr. Peter Stoffer: Especially in Nova Scotia we have Nova Scotia Business Inc., we have Nova Scotia and Government of Canada cooperative agreements, we have ACOA, Enterprise Cape Breton, which is part of ACOA, Blue Water, which of course has the delivery of some of those agencies.

On the surface, there seems to be a lot of overlap in many ways in assisting businesses and small communities in moving forward. I know there was a lot of overlap before, and people tripping over each other. That's been cleaned up.

I was wondering if you can tell us about the cooperative agreements. When a business calls up and says it's got an idea and needs some help, who does it go to first without tripping over everyone to ensure the taxpayer is getting the best return for his money in that regard?

Mr. Peter Hogan (Vice-President, Nova Scotia, Atlantic Canada Opportunities Agency): Thank you for the question.

The federal-provincial cooperation agreements don't exist any more.

You're right, there are a number of players in the economic development field. In Nova Scotia in particular we do work very closely with the province, and if a client approaches us for assistance we work closely together. That might involve having a joint meeting with a client just to assess what those needs are.

We talk with the province on a very frequent basis about some of the needs and opportunities out there, and we do work very closely to ensure there is no overlap and that clients aren't having to go to four or five different centres to identify what assistance is available.

The eligibility of the CBDCs in particular, community business development corporations such as Blue Water, is such that they can assist companies in some cases where ACOA is not able to assist.

Mr. Peter Stoffer: Seeing as it's a big item down in Halifax, can you tell us if and when the funding will come from the federal government through ACOA for the convention centre, without getting yourself into trouble?

Mr. Peter Hogan: The agency has no direct involvement on the decision on the convention centre.

Mr. Peter Stoffer: Well said.

Thank you, sir.

The Chair: Thank you, Mr. Stoffer.

Now back to Mr. Wallace, who may seek the original wisdom.

Mr. Mike Wallace: If you want to comment on what I have to say, and you don't have to do it today, but if you had anything you wanted to send me in terms of suggestions I'd be happy to take it.

I do have a few more specific questions. Again, it's about process, which I need to know about.

First of all, I know you don't have the books with you, Kelly, but I'm not going to ask you actual numbers, I will only ask you titles and what it means.

When it says at the top "Lapsed or unexpended" and it tells us what that number is that was lapsed or unexpended, does that go back into general revenues? What happens to that cash?

It goes back to general revenues. Okay. Thank you.

Then "Available for use in subsequent years". How was that determined that it's available for use in subsequent years? Is there a formula or—

Ms. Kelly Gillis (Chief Financial Officer, Comptrollership and Administration Sector, Department of Industry): It would be based on the authorities in place for that particular program.

Mr. Mike Wallace: Whatever the program is. So it could be that it takes a number of years to do the program. That money is allocated in one year, but may be spent in others. Is that correct?

Ms. Kelly Gillis: Correct.

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

On the actual subset in front of us, I don't mean to be picking on the Social Sciences and Humanities Research Council, but it is asking for an adjustment, which is more money. There are transfers here, but it's asking for \$2 million more. Then if I look at supplementary estimates (B), which isn't that long ago, it asked for \$12.5 million, right?

What I don't understand is this. I don't find the timeframe that big between supplementary estimates (A), (B), and (C). Would it not have had the vision to know that it needed that extra \$2 million a few months ago? Why isn't it in supplementary estimates (B)? Why are we having it in supplementary estimates (C)?

Mr. Richard Dicerni: That is an excellent question. I will get the president of the Social Sciences and Humanities Research Council to write back to you through the committee.

Mr. Mike Wallace: So you basically can only answer for what—

Mr. Richard Dicerni: The department.

Mr. Mike Wallace: You are responsible for only department stuff.

Mr. Richard Dicerni: Plus I have a general—

• (1650)

Mr. Mike Wallace: Right. So Kelly's job then is to look after just the department's finances, not the individual councils' funding?

Mr. Richard Dicerni: Yes, they each have their own CFO. They each have their own organizations. There are 5,000 people at the NRC.

Mr. Mike Wallace: So for us to ask questions specifically in the supplementary or the main estimates about those organizations, we need to invite them here. Is that correct?

Mr. Richard Dicerni: That would be a good idea.

Mr. Mike Wallace: Okay.

Mr. Chair, I have issues with the way the system works here.

Hon. Dan McTeague: Resign.

Mr. Mike Wallace: I'm not going to resign; I'm going to try to get re-elected so I can continue to work on maybe making some change to it.

The final question I have is this. When I look at the main estimates for your area, it's main against last year's main and it does not include any supplementaries in that number at all. Is that correct?

Mr. Richard Dicerni: Yes.

The Chair: Thank you, Mr. Wallace. I hope the rest of your day goes better.

Madam Coady, you have five minutes.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): I echo Mr. Wallace's concerns. I think there is a better process.

I only have four and a bit minutes, and I'm going to be sharing my time with my colleague.

I have a question about ACOA. If we look in the supplementary estimates (C), and we all have, we see you are going to receive money as a transfer from National Defence to help with the organization of the 2010 Halifax international security forum. Everyone knows you are transferring money out and in. But it's very thin. Your margins are, I'm sure, very thin.

I know ACOA received some money under the EAP, but all of that of course will be taken back from ACOA because the economic action plan is ending. So my question is very simple. I know you have very, very tight budgets and you've been cut back over the last few years except for the EAP. How are you going to manage under the budget freeze? What are you cutting under the budget freeze to make your budget?

Mr. Kent Estabrooks: The focus of late has been on internal efficiency within ACOA and not necessarily on programs at this point. So our attention is turned internally.

Ms. Siobhan Coady: Knowing how tight you are internal to ACOA, because ACOA is very vital to Atlantic Canada and extremely vital to the business community in Atlantic Canada and to the relationship we have, for example, with universities and research and development and all those things that fall under ACOA, I will put a plea in for government to actually bring your funding up. Even if it can go back to 2005-2006 levels, I think it would be helpful.

My question now is to Mr. Dicerni. If you could, sir, I'm looking at Broadband Canada and I know you put a lot of money under the EAP into Broadband Canada and connecting rural Canadians. It obviously has to be a critical issue for this country. I'm concerned because I'm noticing between supplementary estimates (C) and the mains a tremendous cut, 87% actually. Maybe I'm reading that wrong, and you'll advise me. It looks like a cut of \$145 million from Broadband Canada, to fall from \$166 million to \$21 million. My question is twofold. Is that correct, or are you hoping for more in the budget? That could happen. Are you funded adequately for the broadband initiative? I think it's way behind schedule.

Second, I just want to note one thing. I looked at the list of projects under Broadband Canada. I'm from Newfoundland and Labrador, as you know, and Newfoundland and Labrador falls just behind the Arctic in terms of our penetration on broadband. Yet only one of the 98 projects came to Newfoundland and Labrador, and that was in Labrador. We're pretty rural. I know even in St. John's there are places in the city that do not have adequate coverage. Could you comment on that, please?

Then I'll turn it to my colleague.

Mr. Richard Dicerni: When the government announced the broadband program in the budget of 2009, the first thing we had to do was serious mapping, just to document who had what. That took a certain amount of time to properly capture where existing levels of service were. This was doubly complicated because the private sector was continuing to do its own expansion, so we constantly had to update our maps. Once we had the maps of what was out there done, we put out an RFP to get people to submit proposals. Once we received those, we started negotiating with proponents on a best-bang-for-the-buck approach. If we had \$1,000 to spend, how would that \$1,000 optimize reach? We did this across the country.

The program took some time to develop, partially because we wanted to get the maps right, and secondly because those negotiations were quite time-consuming.

The answer to your question about amounts is that we are seeking to reprofile some of that money into subsequent years. As we continue to negotiate contribution agreements with different proponents, some of those will fall in other years. Therefore we have submitted a proposal to reprofile the remaining funds in subsequent years.

• (1655)

Ms. Siobhan Coady: I want some confirmation then. In the mains there's \$21 million for broadband. That's not nearly adequate to do the job, so are you hoping that in your reprofiling you will be further funded?

Mr. Richard Dicerni: Yes.

Ms. Siobhan Coady: So you're looking for further funding?

Mr. Richard Dicerni: Yes. It's not new funding. It's part of the \$225 million that was put in the 2009 budget, which we have not spent because it took the better part of eight or nine months to do the maps. We had nothing to start off with.

Ms. Siobhan Coady: Going to Mr. Wallace's point, when you say reprofiling, you're not looking for it in budget 2011; you're hoping just to have that brought forward. That is what I'm understanding.

Mr. Richard Dicerni: For the sake of program administration, yes.

Ms. Siobhan Coady: And where would we see that?

Mrs. Kelly Gillis: You'll see it in supplementary estimates (A).

Ms. Siobhan Coady: Thank you.

I guess I'm hearing that in the next round of supplementary estimates I can look for and find funding for the broadband initiative, with all things being equal.

As you said, it was \$225 million to be spent. How much is remaining at this point?

Mr. Richard Dicerni: I'd have to go back to....

Ms. Siobhan Coady: It's \$225 million over three years. Now you're saying it might be over four or five years. And you'll continue what I'm going to call "a call to ensure and drive broadband initiatives".

I would like to suggest, if I may, in the list of projects, some more for Newfoundland and Labrador.

I understand you're doing a push-out saying we're looking for projects, but clearly for rural Canada if you're not getting those programs, then perhaps we have to do more to ensure there is a broadband initiative for the entire country. It does concern me, when I know the needs in Newfoundland and Labrador, that we're not even falling under this program at this point.

Mr. Richard Dicerni: We're trying to do the best we can with the available resources that have been awarded to us.

Ms. Siobhan Coady: May I make a plug then for budget for you in saying if you need more resources—because broadband is that critical, I think, to Canada's success—we do need to move rather rapidly on ensuring we have adequate broadband across our country.

Mr. Richard Dicerni: I believe the minister in his various remarks has noted the importance of broadband to a digital economy.

Ms. Siobhan Coady: Thank you.

Do I have more time?

The Chair: No. You're about two and a half minutes over.

Ms. Siobhan Coady: You're so kind to me. Thank you.

The Chair: Because the Conservative Party said it had exhausted all its questions and everybody else said they had just a little question, I thought I would have some discretion there.

Mr. Cardin.

[*Translation*]

Mr. Serge Cardin: When were supplementary estimates (B) approved?

Mr. Richard Dicerni: They were approved in September 2010.

Mr. Serge Cardin: There is a question on my mind. When we consult the various sections, we see that since September, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council have had their transfers decreased, and that afterwards, there was quite a substantial adjustment to the appropriations. The Natural Sciences and Engineering Research Council had its transfer cut by \$462,000 and then there was a request for an adjustment of \$17 million. I know that these are not huge amounts, when we compare the one to the other. The Social Sciences and Humanities Research Council underwent a cut of \$324,000, followed by an adjustment of \$2 million. On the one hand, the transfer is decreasing and on the other hand, it is increasing during a period of time that is actually quite short. Therefore, at certain times, we can make a bit of headway, and then it's one step forward, two steps back.

• (1700)

Mr. Richard Dicerni: The big expenditure for both granting councils is due to the fact that in the 2010 budget, the government granted additional support for Centres of Excellence in marketing

and in research. Before these votes can be approved, the granting agency must—in this case, it is the granting council—make a presentation to Treasury Board and Treasury Board must approve it. Once this is done, it is included in the supplementary appropriations. Therefore, there is always some turnaround time—you could even say a delay—that comes from the government's internal decision procedures. In fact, once the sums of money in the budget have been determined, the departments—in the case at hand, the Natural Sciences and Engineering Research Council—are not allowed to spend it before the presentation is made to Treasury Board to define the modalities and the way that the money will be spent. After that, it must be approved by Treasury Board. This often explains why it takes so long.

Mr. Serge Cardin: Then, there are transfers because the decision-making process does not proceed at the same pace as the projects that are submitted, or sometimes it is because projects are cancelled.

As representatives from Quebec, my colleague and myself were just wondering about the total amount of grants and contributions paid to Quebec, as compared to the Department of Industry's budget as a whole. Can we get this information?

Mr. Richard Dicerni: There are three big granting councils in Canada: one is for health, another is for sciences and engineering and another is for social sciences. We can ask all three to send us information. The one that deals with health reports to the Minister of Health, but I can ask for it.

Mr. Serge Cardin: When we look at the industry sector, we see, as a whole...

Mr. Richard Dicerni: It is important to emphasize that this money is not paid mainly to institutions, but rather to researchers. The researchers are the ones who apply to the various granting councils to get their research projects approved. Thus, for this year, 2010-2011, we can verify how much was granted by the councils and we can send this information to the committee through the chair.

Mr. Serge Cardin: I would be very grateful to you for that.

Mr. Richard Dicerni: In another committee, your colleague Mr. Vincent wanted to know what Quebec had received within the knowledge infrastructure program. I sent him the list, including the MiQro Innovation project at Sherbrooke University.

Mr. Serge Cardin: I think I have seen that.

Thank you.

[*English*]

The Chair: Just for fairness, I'm being kind of discreet on the time here, but Mr. Stoffer, you said you just had one question?

Mr. Peter Stoffer: I have two quick ones.

A quick statement: the figures regarding the amount that goes out in grants, the amount that goes out on loans and the amount that comes back, and the repayable part would be helpful for the discussion.

And I want to give you the one opportunity. As you know, there are several think tanks out there that think these economic agencies should be a thing of the past. And you constantly hear the criticism of “these agencies pick winners and losers”. I know the success of ACOA. I won't speak for Western Economic Diversification Canada or FedDev. I've worked with ACOA over the years, and I know the successes you've had.

I know when there are headlines in the paper, you folks don't get a chance to react like that. So I want to give you the chance now, Peter, to state why ACOA is important, where you see the future of your agency, and basically to say that Canadian taxpayers do get value for the agencies such as ACOA.

Mr. Peter Hogan: I can't really speak to the future of ACOA, but what I can speak to is the success rate we've had. And as we mentioned earlier, we will get you some details on that.

ACOA's priorities relate very much to focusing on innovation and productivity, trade development, and community development. So from that point of view, we've had a lot of good successes in terms of seeing companies get into the export business and become more innovative with our Atlantic investment fund—our flagship program, AIF.

We've invested something in the order of \$600 million plus, which is aimed at commercializing research and development in cooperation with the business sector and university sector, and which in turn has led, and will continue to lead, to even more jobs being created, revenues generated from the products, and services developed as a result of those investments.

We could probably provide, as a follow-up, a better, more detailed description, information around some of the successes we've had. But certainly from our end, a lot of independent work has been done in the past that attests to the success the agency has had. And we'd be glad to provide that to you afterwards.

• (1705)

Mr. Peter Stoffer: Thank you.

The Chair: I take it that the NDP rests now.

We have a brief question from Mr. Rota, and then we'll go back to Mr. Bouchard.

Mr. Anthony Rota: Thank you, Mr. Chair.

Mr. Dicerni, I have just a quick question. While I was asking my question of the minister on FedNor's funding, Mr. Wallace rushed over, and it was a little bit disruptive, but we won't discuss that....

I just want to clarify, Mr. Dicerni, what was the book or the document that Mr. Wallace brought you, and why was the information I wanted not included there?

Mr. Richard Dicerni: Would you like to show the documents?

Mr. Mike Wallace: Whatever you want. Public Accounts 2010, volume 2.

Mr. Richard Dicerni: It was 2010. He was pointing to, I believe, the agency for the north.

Mr. Mike Wallace: That's right. It's for the north of Canada, not northern Ontario.

Mr. Richard Dicerni: So Public Accounts.... It had no reference to northern Ontario; it was northern Canada.

Mr. Anthony Rota: It was pointing to an agency, not to a program.

That's fine. Very good. Thank you very much.

The Chair: Thank you, Mr. Rota.

Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard: Thank you.

Mr. Dicerni, how big is the total budget envelope approved in the budget of April 1, 2010 to March 31, 2011? Is it \$8 billion, or \$7 billion?

Mr. Richard Dicerni: For the Department of Industry—and I am making a distinction between the portfolio that includes all the granting councils, the National Research Council of Canada, the Canadian Space Agency...

Mr. Robert Bouchard: It is included.

Mr. Richard Dicerni: If you include all that, it is about \$7 billion. Now, if you are talking about the department, it is approximately \$2.4 billion.

Mr. Robert Bouchard: You begin your year with \$7 billion, and I think that there are adjustments, or supplementary appropriations. During these 12 months of activity, what sums have been added to this \$7 billion sum? Would it be an extra \$1 billion, or an extra \$500,000?

Mr. Richard Dicerni: Once again, we must draw a distinction. I will take a close look at the document.

For the Department of Industry, the difference is about \$200 million.

Mr. Robert Bouchard: Are you talking about the envelope as a whole?

Mr. Richard Dicerni: As a whole... One moment, please.

My colleague told me that in the document prepared by Treasury Board, the whole was not added up...

• (1710)

Mr. Robert Bouchard: In any case, what would have happened if the government had told you that after giving you \$7 billion at the beginning of the year, it would no longer give you any money and that you should finish your year with this budget?

Mr. Richard Dicerni: Let me give you an example of the use of this instrument.

Technology Partnerships Canada makes reimbursements into the Consolidated Revenue Fund of Canada, but through this instrument, a part of the money goes to the assistance program for the aeronautics industry. This program receives appropriations which are, on the one hand, reimbursements from the previous program and on the other hand, parts of the consolidated fund. Since the amount available for these projects is not determined at the beginning of the year with regard to reimbursements, we function through the supplementary estimates process.

When any company such as Pratt & Whitney, CAE or any other, reimburses funds to the government pursuant to the contribution agreements it has signed, this money goes into the consolidated fund. Through this instrument, it is subsequently returned to the department and allocated to the assistance program. If we did not have these transfers, we would invest less in the aeronautics industry because there would be fewer appropriations.

[English]

The Chair: Thank you very much, Mr. Bouchard.

Thank you very much to all the witnesses.

On Mr. Wallace's point and Mr. Bouchard's point, for those who are used to watching a business with an income statement and a cashflow forecast and balance sheet, I know it is frustrating. But I agree with you as well. It's probably a confluence of the Treasury Board guidelines, as well as the Auditor General and Parliament. We'll work on that being more transparent and accountable in the days ahead.

Thank you very much.

The meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>