



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

**CHAPTER 5, SUPPORT TO THE AUTOMOTIVE  
SECTOR, OF THE FALL 2014 REPORT OF THE  
AUDITOR GENERAL OF CANADA**

**Report of the Standing Committee on  
Public Accounts**

**David Christopherson  
Chair**

**MAY 2015**

**41st PARLIAMENT, SECOND SESSION**



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# **THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

has the honour to present its

## **SEVENTEENTH REPORT**

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 5, Support to the Automotive Sector, of the Fall 2014 Report of the Auditor General of Canada and has agreed to report the following:





# CHAPTER 5—SUPPORT TO THE AUTOMOTIVE SECTOR,” 2014 FALL REPORT OF THE AUDITOR GENERAL OF CANADA

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## INTRODUCTION

The Canadian automotive industry consists of five car manufacturers – General Motors (GM), Chrysler, Toyota, Honda and Ford – and hundreds of Canadian suppliers of automotive parts. Approximately 85% of cars produced in Canada are exported, and these exports are sent almost exclusively to the United States. Exported vehicles and parts represent about 15% of Canada’s manufactured product exports.<sup>1</sup> This sector generates about 10% of Canada’s manufacturing gross domestic product (GDP) and employs 117,000 Canadians directly and another 377,000 Canadians indirectly.<sup>2</sup>

The 2008 economic downturn and the lack of access to credit made it harder for potential buyers to obtain car loans, and for car dealers to secure inventory financing. As a result, vehicle sales declined sharply in the U.S. and Canada. Some parts companies and some manufacturers, including Chrysler and GM, could not generate sufficient income to fund their operations. In response to these conditions, the companies accelerated their efforts to restructure their operations and reduce costs. However, the widespread financial turmoil made it difficult for some of these companies to access financial markets for assistance.<sup>3</sup>

In response, the federal government put in place a number of initiatives to support the automotive sector, such as financial support for restructuring Chrysler and GM in 2009 and the Automotive Innovation Fund, which provides financial support for eligible investment projects undertaken by automotive companies in Canada, in 2008.<sup>4</sup>

In November 2008, the Chrysler and GM parent companies approached the U.S. government for financial assistance. In December 2008, the U.S. government announced that it would provide interim financial support to Chrysler and GM. Shortly thereafter, the governments of Canada and Ontario joined the U.S. government and offered financial assistance to Chrysler Canada and GM Canada.<sup>5</sup> Between December 2008 and July 2009, the federal government worked with the governments of Ontario and the U.S., and

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1 Auditor General of Canada, Chapter 5, “[Support to the Automotive Sector](#),” *Report of the Auditor General of Canada – Fall 2014*, Ottawa, 2014, para. 5.1.

2 House of Commons Standing Committee on Public Accounts, [Evidence](#), 2nd Session, 41st Parliament, 30 March 2015, Meeting 53, 1540.

3 Auditor General of Canada, Chapter 5, para. 5.3.

4 *Ibid.*, para. 5.6.

5 *Ibid.*, para. 5.9.

the companies, to determine the conditions and the level of financial assistance for Chrysler's and GM's restructuring.<sup>6</sup>

The governments of Canada and Ontario offered financial assistance proportionate to the share of manufacturing located in Canada for each company and participated financially in the restructuring of the U.S. parents and their Canadian subsidiaries.<sup>7</sup>

The governments of Canada and Ontario agreed to provide two thirds and one third, respectively, of the Canadian share of assistance for restructuring Chrysler and GM. The governments of Canada and Ontario collectively contributed \$2.88 billion to Chrysler and \$10.85 billion to GM in 2009 through loan transactions funded from the Canada Account<sup>8</sup>, under the *Export Development Act*. In the case of GM, most loans were converted into shares.<sup>9</sup>

Within the federal government, Industry Canada was responsible for analysing the restructuring plans, negotiating with the governments of Ontario and the U.S. the levels of financial assistance to be provided to the companies, negotiating with the companies the conditions of the loans and providing guidance and confirmation to Export Development Canada (EDC) in all important matters involving loans and advances. EDC was responsible for seeking and receiving the authorizations needed to undertake transactions under the Canada Account and administering and executing the loan transactions, in accordance with the confirmation and guidance of Industry Canada. The Department of Finance Canada was responsible for analysing and reporting on the federal government's fiscal situation and outlook. The Minister of Finance concurred with the Minister of International Trade to recommend government approval of the amounts of funding needed for the Canada Account transactions.<sup>10</sup>

In 2008, the federal government launched the Automotive Innovation Fund program which is managed by Industry Canada. The program's objective is to support automotive firms in their strategic, large-scale research and development projects to produce innovative, greener, and more fuel efficient vehicles as well as a more competitive Canadian automotive sector. For each project, a potential recipient is required to invest a minimum of \$75 million over five years. The support can take the form of a conditionally or unconditionally repayable contribution, which is taxable in the year it is received.<sup>11</sup>

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6 Ibid., para. 5.10.

7 Ibid., para. 5.11.

8 The [Canada Account](#) is used by the federal government to support export transactions which Export Development Canada (EDC) is unable to support, but which are determined by the Minister for International Trade to be in Canada's national interest. This is usually due to a combination of risks, including the size of the transaction, market risks, EDC's country capacity, borrower risks, and/or the financing conditions.

9 Auditor General of Canada, Chapter 5, para. 5.16.

10 Ibid., para. 5.18.

11 Ibid., para. 5.13.

In its Fall 2014 Report, the Office of the Auditor General of Canada (OAG) released a performance audit that examined whether Industry Canada, the Department of Finance Canada and EDC, in fulfilling their respective roles and responsibilities, managed the financial support to the automotive sector in a way that contributed to the viability of the companies and the competitiveness of the sector in Canada. In addition, the OAG examined whether Industry Canada had managed the Automotive Innovation Fund program in a manner that took risks into account and had monitored and reported on measurements of results against the program's objectives.<sup>12</sup>

The House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit on 30 March 2015. From the OAG, the Committee met with Jerome Berthelette, Assistant Auditor General, and Richard Domingue, Principal. From Industry Canada, the Committee heard from Philip Jennings, Assistant Deputy Minister, Industry Sector, and Charles Vincent, Senior Director, Planning and Programming Directorate. Richard Botham, Assistant Deputy Minister, Economic Development and Corporate Finance Branch, appeared on behalf of the Department of Finance Canada. EDC was represented by Miguel Simard, Assistant General Counsel, Legal Services - Financing.

## **PLANNING THE RESTRUCTURING ASSISTANCE**

### **A. Gathering Relevant Information to Assess the Recovery Prospects of Chrysler and General Motors**

As a condition for Canada's financial assistance, Chrysler and GM were required to develop plans that would demonstrate that they could be viable in the short and long terms and ensure that Canada would retain its share of the companies' North American production.<sup>13</sup> The OAG examined whether Industry Canada and the Department of Finance Canada had planned the financial assistance for Chrysler and GM and their Canadian subsidiaries in a manner that would contribute to the companies' viability in Canada. The OAG found that Industry Canada obtained information and had analysis to help it understand the recovery prospects for Chrysler and GM, and to help the federal government decide whether to contribute financially to the restructuring of the companies.<sup>14</sup>

Mr. Jennings, Assistant Deputy Minister, Industry Sector, Industry Canada, told the Committee that Industry Canada reached out to stakeholders and experts to obtain the necessary knowledge to assess the recovery prospects of the two companies. For example, Industry Canada conducted external discussions with assemblers and suppliers and sought expertise in financial corporate restructuring from KPMG and Ernst & Young,

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12      ibid., para. 5.20.

13      ibid., para. 5.10.

14      ibid., para. 5.24.

expertise in American and Canadian insolvency law from Cassels Brock, and expertise on the automotive market from CSM Worldwide and Casesa Shapiro Group.<sup>15</sup>

## **B. Information on the Restructuring of Canadian Operations**

One of the original conditions of the federal government's financial assistance for the restructuring of Chrysler Canada and GM Canada was that each company would produce an acceptable restructuring plan.<sup>16</sup> The OAG reviewed Industry Canada's documents on the companies' restructuring plans, on concessions from stakeholders and on health care and pension liabilities. The OAG found that Industry Canada did not require final plans from Chrysler or GM on the restructuring of their Canadian operations despite the fact that the original plans presented by the companies had been rejected by the governments of Canada and Ontario and by the U.S. government and that the governments had given the companies deadlines to revise them.<sup>17</sup>

Mr. Berthelette argued that a final restructuring plan "would have provided a place where all the details related to the restructuring could have been brought together in one place, would have made it easier for the department and for Canadians to follow what had gone on in the restructuring, and would have made it easier for the department to report against the restructuring."<sup>18</sup>

Notwithstanding the absence of final restructuring plans, Industry Canada had high-level information on what the Canadian restructuring costs would be, how much government funding would be needed, and what the funds would be used for. The OAG also found that Industry Canada had limited analysis showing how the restructuring actions would improve the financial situations of the Canadian subsidiaries, what concessions had been made by stakeholders and how the companies would repay the loans.<sup>19</sup> Questioned about the meaning of high-level information, Richard Domingue, Principal, OAG, responded that the information to support the decision-making process for some files such as support for GM Canada's pension plans was rather limited, which made the OAG question the way these decisions were taken by the federal government.<sup>20</sup> Mr. Jennings stated that, "[t]here were external discussions with those in the industry, including assemblers and suppliers, to gather essential information needed to assess and understand the risk. The government then made a responsible decision and took decisive action. Afterwards, my department monitored the two companies to ensure they fulfilled

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15 Meeting 53, 1545.

16 Auditor General of Canada, Chapter 5, para. 5.29.

17 Ibid.

18 Meeting 53, 1600.

19 Auditor General of Canada, Chapter 5, para. 5.30.

20 Meeting 53, 1555.

their end of the bargain and to ensure that the restructuring would deliver the desired results.”<sup>21</sup>

In response, Mr. Jennings explained that Industry Canada did have final restructuring plans for the companies. He stated:

“[t]he Canadian and Ontario governments decided it was important to ensure that our interests were protected through those hearings, in terms of how they would restructure. What we required from the companies were restructuring plans that were clear on what was needed of them to be viable and for them to be viable not only in the United States but in Canada. A number of inadequacies were identified in the restructuring plans that were first identified, which was highlighted in the Auditor General’s report. In all the cases, for everything that was highlighted as inadequate, we received sufficient information to make an informed decision that we needed to make to participate in that restructuring.”<sup>22</sup>

Another condition of the federal government’s assistance was that stakeholders, such as unionized labour, suppliers and dealerships of Chrysler Canada and GM Canada would make concessions.<sup>23</sup> However, the OAG found that Industry Canada did not assess the impact of concessions to be made by stakeholders on the companies’ costs or long-term viability.<sup>24</sup> The OAG also found that Industry Canada had limited analysis on whether suppliers and dealerships had made concessions to help reduce the companies’ costs.<sup>25</sup>

According to the OAG, Industry Canada had information from GM Canada stating that the costs of providing health care benefits to its retirees and the deficits of its two pension plans were two significant factors that jeopardized its future viability. As part of the financial assistance to GM Canada, \$1 billion was set aside for reducing the health care liabilities and \$4 billion for reducing the pension deficits.<sup>26</sup> The OAG found that Industry Canada had limited analysis performed on GM Canada’s liabilities for health care benefits for retired employees and on the impact that these liabilities would have on the company’s future viability.<sup>27</sup>

Although more than a third of the federal assistance provided to GM was dedicated to GM Canada’s pension deficits, the OAG found that Industry Canada had limited documentation to show how it determined the amount of public funds allocated for this purpose.<sup>28</sup> Industry Canada also had limited analysis performed on the extent to which these funds would help reduce the pension deficits and improve the solvency of the

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21 Meeting 53, 1545.

22 Meeting 53, 1655.

23 Auditor General of Canada, Chapter 5, para. 5.31.

24 Ibid., para. 5.32.

25 Ibid.

26 Ibid., para. 5.33.

27 Ibid., para. 5.34.

28 Ibid., para. 5.38.

pension plans and the company's viability.<sup>29</sup> In addition, the OAG found that Industry Canada had limited information on the types of benefits GM Canada's pension plans provided and on the concessions that had been negotiated by the union and the company to help reduce future pension costs and liabilities.<sup>30</sup>

Mr. Jennings reminded the Committee that Industry Canada worked under very tight timelines that were essentially tied to the fact that Chrysler and GM were under bankruptcy protection in the U.S. and they had to restructure rapidly. According to Mr. Jennings, Industry Canada received sufficient information to inform the decision of the federal government to participate in that restructuring.<sup>31</sup>

## **MONITORING THE RESTRUCTURING ASSISTANCE**

### **A. Monitoring the Use of the Financial Assistance**

The OAG reviewed the terms and conditions of EDC loans, along with other documents that covered the financial assistance for restructuring Chrysler Canada and GM Canada.<sup>32</sup> The OAG found that with the exception of the financial assistance provided to GM Canada for health care costs and for pension liabilities – which were placed in different accounts – Industry Canada had limited information on how the funds were used.<sup>33</sup>

Specifically, the OAG found that \$1 billion of the \$4 billion that had been earmarked for GM Canada's pension plans and placed in a separate account was paid instead to the U.S. parent company in September 2009. Neither Industry Canada nor EDC had documents related to the use of these funds.<sup>34</sup> Mr. Berthelette noted that while it was clear that the U.S. parent company received the funds, the OAG was not able to verify the use that was made of them and how providing such funding to the U.S. parent company helped the long-term viability of GM Canada due to the absence of documentation.<sup>35</sup> The Auditor General of Canada stated, "[i]t ended up going through a more circuitous route, but at the end of the day, we were satisfied that the \$4 billion that was intended to go into GM Canada's pension plan did end up in GM Canada's pension plan."<sup>36</sup>

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29 Ibid.

30 Ibid., para. 5.39.

31 Meeting 53, 1655.

32 Ibid., para. 5.43.

33 Ibid., para. 5.44.

34 Ibid., para. 5.46.

35 Meeting 53, 1640.

36 House of Commons Standing Committee on Public Accounts, [Evidence](#), 2nd Session, 41st Parliament, 27 November 2015, Meeting 40, 1545.

Mr. Jennings explained that working in partnership with the U.S. Treasury the restructuring was set up to ensure the viability of the global company and thus the viability and competitiveness of the Canadian subsidiary.<sup>37</sup>

## **B. Monitoring the Production Commitments**

In exchange for financial assistance, Chrysler Canada committed to producing a specific volume of vehicles. GM Canada committed to meeting certain production targets for vehicles, engines, transmissions, annual capital expenditure levels and research and development expenditures. The OAG reviewed Industry Canada's monitoring of these commitments.<sup>38</sup> The OAG found that Industry Canada received from Chrysler Canada and GM Canada reports and other documents regarding their production commitments, which have been met according to Industry Canada.<sup>39</sup>

Questioned about its monitoring of production commitments, Mr. Jennings responded that most of the details of the commitments made by Chrysler and GM were commercially confidential.<sup>40</sup> He then told the Committee that the two companies had in fact outperformed their commitments<sup>41</sup> and that Canada's production had increased to almost 2.4 million vehicles in 2014.<sup>42</sup>

## **C. Value of Funds Recovered So Far From Chrysler and General Motors**

The OAG examined whether the Department of Finance Canada assessed the risk that the funds provided to Chrysler Canada and GM Canada would not be recovered. In addition, the OAG reviewed the amounts repaid or recovered as well as the final cost of the assistance.<sup>43</sup> The OAG found that the financial risks of providing assistance to Chrysler were properly estimated. Chrysler repaid its loan, although Chrysler's debtor-in-possession loan<sup>44</sup> of \$1.28 billion, made in support of its bankruptcy, was not repaid. However, the federal government received 2% of new Chrysler equity as compensation, which was later sold to Fiat for \$132 million.<sup>45</sup>

The OAG found that the estimated financial risk of the assistance provided to GM has declined over time. When the federal government approved the financial assistance,

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37 Ibid.

38 Auditor General of Canada, Chapter 5, para. 5.48.

39 Ibid., para. 5.49.

40 Meeting 53, 1645.

41 Meeting 53, 1655.

42 Meeting 53, 1545.

43 Auditor General of Canada, Chapter 5, para. 5.51.

44 A debtor-in-possession loan is a loan made to a company that has filed for bankruptcy under U.S. bankruptcy law, but continues to operate its business. Source: Ibid., para. 5.56.

45 Auditor General of Canada, Chapter 5, p. 5.56.

the Department of Finance Canada estimated that a portion of the loans converted into shares was likely to be lost. After the loans, totalling \$9.8 billion, were converted into shares, the total value of the preferred and common shares was estimated to be \$3.2 billion as of 31 March 2010. The difference between the original value of the loans and the estimated value of the shares – \$6.6 billion – was considered lost. The federal government recorded two thirds of this loss (\$4.4 billion) as an expense in the *Public Accounts of Canada 2010*. According to the OAG, the final cost of the financial assistance provided to GM will be known only when all shares have been sold, and this cost could be lower than the expenses of \$4.4 billion recorded in the fiscal year 2009–2010, depending on the revenues generated through the sale of the remaining GM shares.<sup>46</sup>

Mr. Jennings informed the Committee that GM bought back preferred shares from the Government of Canada and the Government of Ontario, and in February 2015 the Government of Ontario exercised its rights to sell its remaining shares to GM.<sup>47</sup>

Questioned about the borrowing costs associated with the restructuring assistance provided to Chrysler and GM, Richard Botham, Assistant Deputy Minister, Economic Development and Corporate Finance Branch, Department of Finance Canada, responded that he would “have to go back and look at the bond rates at the time [2009]” in order to estimate that cost. Mr. Botham then explained that the borrowing that the Government of Canada undertakes is not specific to particular transactions and so there was no specific borrowing rate for the restructuring assistance provided to Chrysler and GM.<sup>48</sup>

## **REPORTING ON THE RESTRUCTURING ASSISTANCE**

The OAG reviewed the information publicly reported to determine whether financial and non-financial information on the assistance provided to Chrysler and GM was available to Parliament and Canadians, in keeping with the applicable privacy and confidentiality requirements.<sup>49</sup> Mr. Berthelette told the Committee that the OAG found that there was no comprehensive reporting to Parliament of information about the restructuring assistance.<sup>50</sup> According to Mr. Berthelette, based on the information publicly available it was impossible to gain a complete picture of the assistance provided and of the amounts recovered and lost.<sup>51</sup>

The OAG recommended that Industry Canada, in collaboration with Finance Canada, EDC and other relevant entities publish a report with clear information on the financial assistance provided to Chrysler and GM, and on the impact the assistance had

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46 Ibid., paras. 5.57 and 5.58.

47 Meeting 53, 1710.

48 Meeting 53, 1720.

49 Auditor General of Canada, Chapter 5, para. 5.62.

50 Meeting 51, 1535.

51 Ibid.



on the viability of the companies.<sup>52</sup> In response to this recommendation, Industry Canada published, on 19 December 2014, a report entitled [Summary Report on Canada's Support for the Restructuring of General Motors and Chrysler in 2009](#).

## **LESSONS LEARNED FROM THE FINANCIAL ASSISTANCE PROVIDED TO CHRYSLER AND GENERAL MOTORS**

The Government of Canada may be required, at some point in the future, to provide financial assistance to a large private company or an entire economic sector.<sup>53</sup> For this reason, the OAG recommended that Industry Canada, in cooperation with the other entities involved, conduct a review of the management of the financial assistance provided to restructure Chrysler and GM, and identify the lessons learned.<sup>54</sup>

Mr. Jennings told the Committee that while Industry Canada did not do a formal review of the lessons learned from the financial assistance to the Canadian automotive sector, it did an informal one with the other federal departments and organizations involved in the restructuring, and the Government of Ontario.<sup>55</sup> Industry Canada identified three main lessons learned through this informal review. The first lesson is about the importance of pooling resources, in the sense of working across organizations in order to identify the types of expertise that can be found in the federal public service and the types of expertise that should be purchased in the private sector.<sup>56</sup> The second lesson is about coordinating the work of the different departments and organizations. For the restructuring of the Canadian automotive sector, the federal government created a committee of deputy ministers who communicated on a daily basis to be able to keep track of the developments and support the decisions that were being made by decision makers.<sup>57</sup> The third lesson is about the importance of well-functioning “home and away teams.” For the restructuring of the Canadian automotive sector, the federal government needed to have teams of senior official working simultaneously in Ottawa and in the U.S., where the negotiations with GM and Chrysler took place.<sup>58</sup>

Mr. Jennings also said that Industry Canada would undertake in 2015 an official review of the management of the restructuring assistance with a focus on identifying the lessons learned, as recommended by the OAG.<sup>59</sup>

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52 Auditor General of Canada, Chapter 5, para. 5.65.

53 Auditor General of Canada, Chapter 5, para. 5.66.

54 Ibid., para. 5.67.

55 Meeting 53, 1605.

56 Ibid.

57 Ibid.

58 Ibid.

59 Meeting 53, 1545.

The Committee recommends:

## **RECOMMENDATION 1**

**That, by 31 December 2015, Industry Canada, provide the Standing Committee on Public Accounts with the lessons learned from its review of the management of the restructuring assistance.**

### **MANAGING THE AUTOMOTIVE INNOVATION FUND**

#### **A. Risk Assessment Framework**

For the Automotive Innovation Fund and the six projects funded to date, the OAG examined whether the process that Industry Canada had in place to assess projects takes risks into account.<sup>60</sup> The OAG found that Industry Canada's assessments were consistent with the Automotive Innovation Fund's terms and conditions.<sup>61</sup> However, these terms and conditions and the supporting assessment process for determining the suitability of a project covered risks that were already covered by the program's design.<sup>62</sup> According to Mr. Berthelette, Industry Canada could streamline its risk analysis of projects' suitability because recipients assume all the technical risks and most of the financial risks of their projects.<sup>63</sup>

For this reason, the OAG recommended that Industry Canada review its management procedures for the Automotive Innovation Fund to ensure that risk profiles of projects and applicants are taken into account during project assessment.<sup>64</sup> Mr. Jennings told the Committee that while Industry Canada had always applied a risk-based approach it had already updated the program's risk assessment framework and made explicit the manner in which risk profiles of applicants are assessed.

#### **B. Project Monitoring and Reporting on Program Performance**

The OAG examined whether Industry Canada collected information to assess whether the Automotive Innovation Fund was meeting its objectives.<sup>65</sup> The OAG also examined whether Industry Canada had reported publicly on the program's performance against its objectives.<sup>66</sup> The OAG found that Industry Canada had adequate information

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60 Auditor General of Canada, Chapter 5, para. 5.71.

61 Ibid., para. 5.73.

62 Ibid.

63 Meeting 53, 1535.

64 Auditor General of Canada, Chapter 5, para. 5.76.

65 Ibid., para. 5.78.

66 Ibid.

coming from progress reports and site visits to track the progress of each project.<sup>67</sup> However, Mr. Berthelette mentioned that Industry Canada had not yet used this information to determine whether the program was achieving its objectives and reported the results publicly.<sup>68</sup> The OAG recommended that Industry Canada continue to monitor the performance of the projects and use this information to determine whether the Automotive Innovation Fund is achieving its objectives of bringing environmental, economic and innovation benefits to Canada, and fostering competitiveness of the automotive sector.<sup>69</sup>

Mr. Jennings informed the Committee that seven projects have been supported so far under the Automotive Innovation Fund.<sup>70</sup> These projects have leveraged about \$2.8 billion from investments in the private sector and from the Government of Ontario. While these projects are just being completed now, Mr. Jennings reported that the initial evaluation of the program conducted by Industry Canada in 2012 suggested that the program is meeting its short-term objectives.<sup>71</sup> Mr. Jennings also mentioned that it is too early in the program's life to fully assess the achievements of its medium and long term objectives and that Industry Canada will re-evaluate the program in 2017–2018 to determine to what extent it achieves its long-term objectives.<sup>72</sup>

## CONCLUSION

The financial assistance provided to Chrysler and GM for their restructuring involved complex transactions, high uncertainty, and tight time frames during its development and execution. As acknowledged by the OAG in its audit, these circumstances had an impact on what Industry Canada could do to manage this assistance.<sup>73</sup>

In spite of these circumstances, the OAG concluded that Industry Canada, the Department of Finance Canada and EDC managed the financial assistance to Chrysler and GM in a way that contributed to the viability of these companies and the competitiveness of the automotive sector in Canada over the short and medium terms.<sup>74</sup> The key role played by Industry Canada in avoiding a collapse of the automotive sector in Canada was also recognized through two awards: the 2010 Silver Innovative Management Award of the Institute of Public Administration of Canada and the 2009 Public Service

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67 Ibid., para. 5.79.

68 Meeting 53, 1540.

69 Auditor General of Canada, Chapter 5, para. 5.86.

70 Meeting 53, 1545.

71 Ibid.

72 Meeting 53, 1550.

73 Auditor General of Canada, Chapter 5, para. 5.87.

74 Ibid., para. 5.88.

Award of Excellence in the category of Exemplary Contribution under Extraordinary Circumstances.<sup>75</sup>

In its audit the OAG found that Industry Canada adequately assessed the recovery prospects of Chrysler and GM and monitored the companies' production commitments in Canada. It also adequately tracked the progress of projects funded through the Automotive Innovation Fund.<sup>76</sup> However, the OAG identified some weaknesses in the management and reporting of the restructuring assistance. For example, Industry Canada did not have final restructuring plans for the companies in Canada and there was no comprehensive reporting of restructuring assistance information to Parliament and Canadians. The OAG also found that the Department of Finance Canada adequately estimated the financial risks of providing financial assistance to Chrysler and GM, and EDC adequately administered and executed the loans and associated documents for the financial assistance.<sup>77</sup>

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75      *Ibid.*, para. 5.67.

76      *Ibid.*

77      *Ibid.*, para. 5.89.

# APPENDIX A LIST OF WITNESSES

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Organizations and Individuals	Date	Meeting
<b>Department of Finance</b>	2015/03/30	53
Richard Botham, Assistant Deputy Minister Economic Development and Corporate Finance Branch		
<b>Department of Industry</b>		
Philip Jennings, Assistant Deputy Minister Industry Sector		
Charles Vincent, Senior Director Planning and Programming Directorate		
<b>Export Development Canada</b>		
Miguel Simard, Assistant General Counsel Legal Services		
<b>Office of the Auditor General of Canada</b>		
Jerome Berthelette, Assistant Auditor General of Canada		
Richard Domingue, Principal		



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 53 and 56) is tabled.

Respectfully submitted,

David Christopherson

Chair

