

**FINAL REPORT ON THE
*2014–15 Main Estimates***

Standing Senate Committee on National Finance

EIGHTEENTH REPORT

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APPENDIX A: Federal Bridges by Authority

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1 INTRODUCTION

As part of its final study on the *2014–15 Main Estimates*, the Standing Senate Committee on National Finance (“the Committee”) held 12 meetings in September, October and November 2014 and in February 2015. The Committee heard testimony from 74 witnesses from 23 federal departments and agencies, 4 Crown corporations and 2 non-governmental organizations. This is the Committee’s third and final report on these estimates.

The Committee also received responses from some departments regarding questions raised during its second interim study on the *2014–2015 Main Estimates* in April 2014. A summary of these responses is presented in the final part of this report.

Lastly, Appendix A provides a list of federal bridges by authority, and Appendix B provides a complete list of witnesses who appeared as part of this study.

2 FEDERAL DEPARTMENTS AND AGENCIES

For its study of the *2014–15 Main Estimates*, the Committee invited officials from the Treasury Board of Canada Secretariat to discuss the parliamentary budget cycle. The Committee also invited officials from the following federal departments and agencies to present their respective main estimates for the 2014–2015 fiscal year: the Office of the Comptroller General of Canada, Natural Resources Canada, the Canada Border Services Agency, the Department of Finance Canada, Employment and Social Development Canada, the Canada Mortgage and Housing Corporation, the Public Health Agency of Canada, Correctional Service Canada, Veterans Affairs Canada, the Patented Medicine Prices Review Board, the Canadian Institutes of Health Research, the Public Service Commission of Canada, the Standards Council of Canada, the International Development Research Centre, the National Research Council of Canada and Marine Atlantic Incorporated.

2.1 Treasury Board of Canada Secretariat

Treasury Board of Canada Secretariat officials provided Committee members with an overview of the supply process and other votes. They then talked about the appropriation bill, the Treasury Board of Canada Secretariat’s InfoBase, the main estimates, the supplementary estimates, and the role of parliamentary committees in the budget cycle. Lastly, they explained interim supply and Governor General’s special warrants.

2.1.1 The Supply Process

The officials explained the supply process to the Committee, starting with the period from September to December 10 of each year. They discussed the documents to be tabled in fall 2014, the Public Accounts of Canada,¹ the *Supplementary Estimates (B), 2014–15*,² departmental performance reports,³ the

¹ The Public Accounts of Canada were tabled in Parliament on 29 October 2014.

² The *Supplementary Estimates (B), 2014–15* were tabled in Parliament on 5 November 2014.

³ The departmental performance reports were also tabled in Parliament on 5 November 2014.

Minister of Finance's *Update of Economic and Fiscal Projections*,⁴ and approval of the supply bill for the *Supplementary Estimates (B), 2014–15*.⁵

They then continued with the period from January to 26 March of each year, which usually includes the tabling of the Supplementary Estimates (C), the presentation of the federal budget, the tabling of the main estimates, which must be done before 1 March, reports of federal departments and agencies on their plans and priorities, and approval of interim supply for the main estimates and the supply bill for the Supplementary Estimates (C). While the Reports on Plans and Priorities present what federal departments and agencies plan to do, the Departmental Performance Reports that are tabled 18 months later present what they have actually done using real data.

Finally, they presented the last part of the supply process, which runs from April to 23 June of each year. This period includes the tabling of the Supplementary Estimates (A) and the approval of the supply bills for the main estimates and the Supplementary Estimates (A).

The officials told the Committee that no money can be spent by the federal government without first having parliamentary approval pursuant to the *Financial Administration Act*. This approval can be provided in one of two ways. One is through statutory authority by means of specific legislation that Parliament has already seen and said it would authorize payment, such as Employment Insurance or the Canada Health Transfer. The other is through appropriated or voted amounts. Roughly two thirds of total federal expenditures is statutory and one third is voted.

2.1.2 Other Votes

The officials explained to the Committee that there are other types of votes than those for federal departments and agencies, such as payments to Crown corporations, Treasury Board of Canada central votes and authorities to issue loans, investments and advances.

Treasury Board of Canada central votes are monies that sit in a Treasury Board of Canada central vote and that are then allocated throughout the year. Once they are allocated, Treasury Board of Canada asks Parliament for approval or reports back to Parliament.

There are six types of central votes:

- **Vote 5 – Government contingencies**, which are temporary advances for urgent or unforeseen items requiring funds before the next supplementary estimates and related supply bill;
- **Vote 10 – Government-wide initiatives**, which cover initiatives encompassing many federal departments and agencies requiring relatively small funds;
- **Vote 15 – Compensation adjustments**, which fund adjustments for collective agreements ratified after the main estimates are finalized;
- **Vote 25 – Operating budget carry forward**, which exists because federal departments and agencies are allowed to carry forward up to 5% of unused funds from their operating budget included in their main estimates from one fiscal year to the next;

⁴ The Minister of Finance's *Update of Economic and Fiscal Projections* was published on 12 November 2014.

⁵ The bill on the *Supplementary Estimates (B), 2014–15* was adopted in the Senate on 10 December 2014.

- **Vote 30 – Paylist requirements**, which cover specific expenses related to payroll incurred by federal departments and agencies, such as severance pay; and
- **Vote 33 – Capital budget carry forward**, which exists because federal departments and agencies are allowed to carry forward up to 20% of unused funds from their capital budget included in their main estimates from one fiscal year to the next.

In response to a question from a Committee member, the officials said that Vote 5 – Government Contingencies – was \$750 million annually and would be used for something that was urgent or unforeseen. When a federal department or agency needs emergency funds, it can obtain the necessary funding and spending authorities from the Treasury Board of Canada provided it follows strict rules. Then, at the next supply period, Parliament must approve the prior expenditure. Once Parliament approves the expenditure, the federal department or agency uses the amount received to reimburse the Treasury Board of Canada's contingencies fund. However, if Parliament does not approve the expenditure, the federal department or agency must find another way to repay the amount.

2.1.3 Supply Bill

The officials said that a supply bill for supplementary estimates consists of a preamble and schedules. The bill indicates the total amount of funds sought, or the maximum amount that can be spent, and includes the votes requested by each federal department and agency in an appendix. Each vote is associated with a number that identifies the purposes for which the money will be spent and the type of expenditure — operating, capital, or grants and contributions. Pursuant to the Standing Orders, the supply bill is considered by Parliament on the last opposition day in each of the three supply periods. Once the House of Commons approves the supply bill, it is forwarded to the Senate for approval and subsequently to the Governor General for Royal Assent.

The officials noted that supply is a question of confidence. If a supply bill is defeated in the House of Commons, Parliament may be dissolved for a general election. However, if it is defeated in the Senate, it is sent back to the House of Commons for changes for it to pass.

2.1.4 Treasury Board of Canada Secretariat's InfoBase

The officials presented the Treasury Board of Canada Secretariat's InfoBase, which used to be called the expenditure database. They explained that it is a public online tool that pulls together a number of pieces of information, including planned expenditures, main estimates, public accounts and the number of full-time equivalents by federal department and agency. The database provides detailed and consolidated data in terms of authorities, expenditures, reports, and plans and priorities. Moreover, the Committee was told that the Treasury Board of Canada Secretariat continues to add to it.

2.1.5 Main Estimates

The officials explained to the Committee that the main estimates have three parts:

- Part I gives an overview of the federal government's expected expenditures for the fiscal year;
- Part II contains the departmental and agency breakdowns, including forecasts of statutory expenditures already approved by Parliament, and their spending plans for that year; and

- Part III contains the Reports on Plans and Priorities, which present detailed departmental and agency information, and Departmental Performance Reports, which present actual results against previously established plans and priorities.

2.1.6 Supplementary Estimates

The officials discussed the supplementary estimates, which provide information on incremental funds for initiatives that were not sufficiently developed to be included in the main estimates. Federal departments and agencies also use supplementary estimates for things that come up during the year that have required authorities from Treasury Board of Canada that must be approved by Parliament.

2.1.7 Parliamentary Committees

Estimates documents are sent for review to the parliamentary committees of the House of Commons and the Standing Senate Committee on National Finance. The parliamentary committees of the House of Commons have the power to approve, reduce or negative a vote, but cannot increase or transfer votes. Following consideration, the parliamentary committees of the House of Commons report back and the Members of the House of Commons vote on the last opposition day in the supply period.

In terms of the upper house, the Standing Senate Committee on National Finance considers all estimates and tables several reports on these estimates in the Senate. Senators must also vote on supply bills for estimates.

2.1.8 Interim Supply

The officials explained that, as the federal fiscal year begins on 1 April, the government requires some funds to operate between then and the approval of estimates by the House of Commons in late June. Short-term operating funds, or interim supply, are a portion of the main estimates made available to federal departments and agencies. Interim supply also gives parliamentary committees more time to study the main estimates and report back.

2.1.9 Governor General's Special Warrants

The officials told the Committee that Governor General's special warrants are used for the purposes of a general election. In such circumstances, a process allows for the approval of supply if the minister responsible for a federal department or agency attests that the funds are required for government business, but not new business. The President of Treasury Board of Canada must also attest that there are no other sources of funds before the Governor General's authority is sought.

2.2 Office of the Comptroller General of Canada

Officials from the Office of the Comptroller General of Canada were heard by the Committee to explain the role of their organization and provide information on its budget for 2014–2015. The officials discussed the main functions and challenges of the Office as well as departmental audit committees.

2.2.1 Main Functions

The Office of the Comptroller General of Canada is a distinct entity within the Treasury Board of Canada Secretariat. The Committee learned that the comptroller function dates back to 1931, but in 2003 the Office of the Comptroller General of Canada was re-established as a distinct office, after having been associated with various positions and organizations over its history.

According to the officials, their organization now has five key functions. The first provides federal departments and agencies with functional direction in the area of financial management and monitoring of the federal public service, including acquired services, procurements, asset management, and internal audits.

The second is building and developing capacity in the finance community, acquired services and assets, and internal audits throughout the federal government. This function includes the ongoing professional development of the finance community, including recruitment and appointing members to government-wide departmental audit committees.

The third is maintaining and approving the federal government's financial machinery, including accounts systems and practices.

The fourth is overseeing departmental and agency performance in terms of financial management, the management of acquired services and assets, and internal audits.

Lastly, the fifth is heading the federal government's financial management transformation program in order to respect the government's commitment to back-office transformation. The officials told the Committee that the financial management transformation program aims to combine and reduce the number of financial systems used by the various departments and agencies and standardize business processes and data.

2.2.2 Estimates

The Office of the Comptroller General of Canada has a budget of \$32.2 million for 2014–2015 and 204 full-time equivalents. As the Office is part of the Treasury Board of Canada Secretariat, its budget is found under the total budget of the Treasury Board of Canada Secretariat and falls under the strategic outcome of "Financial Management."

The officials told the Committee that their organization is composed of four sectors. The first sector, which has 90 full-time equivalents and a budget of roughly \$10.6 million, is financial management. This sector develops the Office's policies in the areas of accounting and transfer payments. The Committee learned that the Office's policies are reviewed every five years, and that the transfer payment policy is up for review.

The second sector is financial management transformation, with roughly 30 full-time equivalents and a budget of around \$6.6 million. This sector works to establish an enterprise-wide financial system to support more efficient financial management services and standardize processes and controls.

The third sector is internal audit, which has roughly 39 full-time equivalents and a budget of approximately \$9.5 million. Its role is to provide policy guidance and practice guidance on how to do internal audit in the larger departments. Employees in this sector also conduct internal audits across government as well as audits for small departments and agencies.

The fourth and final sector is acquired services and assets, which employs approximately 45 full-time equivalents and has a budget of roughly \$5.5 million. This sector develops policies on real property, project management, procurement, materiel management, investment planning and common services.

2.2.3 Main Challenges

The members of the Committee were interested in the main challenges faced by the Office of the Comptroller General of Canada. The officials said that the biggest challenge facing their organization is the high number of financial officers and chief audit officers who are eligible to retire or soon will be. The federal government has about 5,000 financial officers or executives government-wide.

The officials added that financial officers must be trained and built to work in a federal department or agency because the rules on financial management in the federal government are not the same as in the private sector. The federal government produces financial statements like the private sector, but also has additional reporting requirements and responsibilities. The Committee learned that some programs are already in place to identify and train high-potential people.

The second challenge raised by the officials concerned the standardization of financial management systems and getting consistent data and processes at a detailed level.

2.2.4 Departmental Audit Committees

The officials told the Committee that a few years ago their organization established departmental audit committees. These committees are external and advisory in nature. Their mandate is to advise deputy ministers on a wide range of matters including financial management and risk management. The Office of the Comptroller General of Canada is responsible for staffing these committees. It proposes new members who must be approved by the Treasury Board of Canada. Members are usually appointed for terms ranging from two to four years and cannot serve more than two terms.

In response to a question from a Committee member, the officials said that roughly 55% of members on the departmental audit committees come from outside the federal public service.

2.3 Natural Resources Canada

In their testimony before the Committee, Natural Resources Canada officials discussed their department's estimates, the sunseting of funding for the Nuclear Legacy Liability Program, the Investments in Forest Industry Transformation Program and the Clean Energy Fund.

2.3.1 Estimates

According to the *2014–15 Main Estimates*, Natural Resources Canada requested \$2.5 billion for 2014–2015, a decrease of \$232.4 million, or 8.4%, from the *2013–14 Main Estimates*. Table 1 presents its estimates broken down by voted items and statutory items.⁶

Table 1 – Natural Resources Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	649,823,365	787,602,384	-17.5
5	Capital expenditures	12,777,080	25,535,435	-50.0
10	Grants and contributions	444,039,000	638,924,120	-30.5
Total voted		1,106,639,445	1,452,061,939	-23.8
<i>Total statutory</i>		<i>1,428,011,166</i>	<i>1,314,952,299</i>	8.6
Total budgetary		2,534,650,611	2,767,014,238	-8.4

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-215.

The Committee learned that the decrease in the amount requested by the department in the *2014–15 Main Estimates* compared with the amount presented in the *2013–14 Main Estimates* is due to decreases in the operating vote (\$-137.8 million), capital vote (\$-12.8 million) and grants and contributions vote (\$-194.8 million). However, these decreases are partially offset by an increase in statutory authorities (\$+113.1 million).

In response to questions from Committee members, the officials said that, despite these decreases, their department anticipates increasing its funding in several areas that reflect the priorities outlined in the 2014 federal budget. For example, \$90.4 million will be invested over four years in forest industry transformation initiatives to foster job creation and innovation and \$11.4 million will be invested over five years in state-of-the-art earthquake monitoring systems to support innovation and the safety of families and communities.

The officials added that, in the *2014–15 Main Estimates*, Natural Resources Canada clearly demonstrates what way it is committed to delivering on the federal government's policy, program and service delivery priorities in a fiscally responsible manner.

2.3.2 Nuclear Legacy Liability Program

The officials said that the department's operating expenditures will decrease primarily because of the sunset of funding for the Nuclear Legacy Liability Program, which will be cut to \$172.1 million this year. This program ensures the clean-up of Atomic Energy of Canada research sites. However, this decrease is partially offset by an increase in expenditures of \$33.2 million for the Port Hope Area Initiative to clean up low-level radioactive waste and contaminated soils in Port Hope, Ontario.

In response to questions from Committee members, the officials explained that funding for the Nuclear Legacy Liability Program ended last year but was renewed in 2014–2015. The cost of the program was

⁶ **Budgetary expenditures** include the cost of servicing the public debt; operating and capital expenditures; transfer payments and grants to other levels of government, organizations or individuals; and payments to Crown corporations. **Non-budgetary expenditures** (loans, investments and advances) are outlays that represent changes in the composition of the financial assets of the Government of Canada. **Voted appropriations** are appropriations for which parliamentary authority is sought through an appropriation bill, and **statutory items** are expenditures approved by Parliament through enabling legislation and for which forecasts are provided for information purposes only.

therefore not included in the *2014–15 Main Estimates*, which explains the previously mentioned \$172.1 million decrease in operating expenditures. Natural Resources Canada requested \$195 million for this program through the *Supplementary Estimates (A), 2014–15*.

According to the officials, the Nuclear Legacy Liability Program is managed by Natural Resources Canada but delivered by Atomic Energy Canada Limited. The nuclear waste that is the responsibility of Natural Resources Canada is mostly at Atomic Energy Canada Limited sites. They also noted that Natural Resources Canada's responsibility is limited to managing the \$195 million requested through the *Supplementary Estimates (A), 2014–15*, while Atomic Energy Canada Limited's responsibility is to clean up its sites and laboratories. Nuclear contaminated sites, other than ones where Atomic Energy Canada Limited was involved, such as Port Hope, are decontaminated through separate funding.

At the Committee's request, the officials agreed to provide information as soon as possible on all contaminated sites under the federal government's responsibility, as well as the projected decontamination costs. At the time of writing, the Committee had yet to receive a response.

2.3.3 Investments in Forest Industry Transformation Program

The Committee expressed interest in the Investments in Forest Industry Transformation program, which had a decrease of \$37.5 million in funding according to the *2014–15 Main Estimates*. The Investments in Forest Industry Transformation program was renewed in February 2014 with \$90.4 million in funding over four years in the 2014 federal budget. Funding of \$6 million was requested through the *Supplementary Estimates (B), 2014–15*, with the balance to be requested through future estimates.

The officials explained that, since 2007, the federal government has invested about \$1.8 billion in initiatives to commercialize new technologies, open up new markets and secure Canada's forest sector position as a world leader in environmental performance. They added that the Investments in Forest Industry Transformation program was created in 2010 with a budget of \$100 million to support Canada's forest sector in becoming more economically competitive and environmentally sustainable using targeted investments in game-changing technologies.

When questioned by the Committee, the officials indicated that the Investments in Forest Industry Transformation program has funded 14 world-class technologies in several provinces across a range of business sectors. According to the officials, these projects will de-risk new technologies and encourage their broader adoption in the industry, becoming a true Canadian innovation success story. They added that industries welcome the program's renewal and that the Canadian forest sector is on the rebound. The officials added that many Natural Resources Canada programs are currently looking at how to better support architecture in order to find different markets for Canadian wood. The Natural Resources Canada officials are involved in large- and small-scale demonstrations on using wood to build over-four-storey buildings.

Committee members noted that none of Canada's universities or architectural schools teaches anything about the use of wood in construction and that the use of wood in architecture is not as prevalent as it should be. The officials said that their department had not looked at funding university chairs in this area but that they would consider it, at the suggestion of Committee members.

2.3.4 Clean Energy Fund

Committee members asked the officials about the Clean Energy Fund, whose allocated funding dropped from \$116.9 million in 2013–2014 to \$9.4 million in 2014–2015, a decrease of \$115.5 million. According to the officials, this sharp decline is due to the program ending in 2015. They added that the Clean Energy Fund has been in existence for a number of years and that since 2006 the government has invested more than \$10 billion to reduce greenhouse gas emissions and protect the environment. For example, it has invested in green infrastructure, clean energy technologies and the production of cleaner energy and cleaner fuels.

In response to questions from Committee members, the officials explained that Natural Resources Canada aims to increase Canada's competitiveness and create jobs while reducing greenhouse gas emissions. The department's support for clean energy demonstration research and development includes investments in:

- the smart grid;
- renewable energy;
- carbon capture and storage;
- energy efficient buildings; and
- improving environmental performance in the oil sands.

They concluded their testimony by saying that the Clean Energy Fund is not solely funded by the federal government. Partners through industry and provincial governments participate in these initiatives as well.

2.4 Canada Border Services Agency

In their testimony before the Committee, the Canada Border Services Agency officials discussed their organization's estimates, the Beyond the Border Action Plan, the Entry/Exit Initiative and re-profiling available funding for some projects.

2.4.1 Estimates

According to the *2014–15 Main Estimates*, the Canada Border Services Agency requested \$1.7 billion for 2014–2015, an increase of \$56.2 million, or 3.3%, over the *2013–14 Main Estimates*. Table 2 presents its estimates broken down by voted items and statutory items.

Table 2 – Canada Border Services Agency Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	1,397,915,271	1,396,653,386	0.1
5	Capital expenditures	161,905,641	104,335,441	55.2
Total voted		1,559,820,912	1,500,988,827	3.9
<i>Total statutory</i>		<i>176,570,197</i>	<i>179,164,197</i>	<i>-1.4</i>
Total budgetary		1,736,391,109	1,680,153,024	3.3

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-13.

2.4.2 Beyond the Border Action Plan

The Beyond the Border Action Plan focuses on four areas of cooperation between Canada and the United States:

- addressing threats early;
- facilitating trade, economic growth and jobs;
- integrating cross-border law enforcement; and
- strengthening critical infrastructure and cybersecurity.

When questioned by the Committee, the officials said that the requested \$91.4 million in funding in support of the Beyond the Border Action Plan in the *2014–15 Main Estimates* will be used to modernize border infrastructure. This would result in the development of a single window approach and investments in enhancements to information technology and systems for several initiatives to enable the agency to move to the next phase of an entry-exit information system.

2.4.3 Entry/Exit Initiative

The officials explained that, under the Entry/Exit Initiative, the agency monitors individuals entering and exiting Canada. For example, the Canada Border Services Agency provides U.S. authorities with information on people entering and exiting Canada by land, and the U.S. authorities do the same with Canadian authorities. According to the officials, it is literally an exchange of information. For people entering Canada by air, information on the airline manifest is used by the agency to know who is entering Canada.

Continuing their testimony, the officials said that the Entry/Exit Initiative was implemented in June 2013 at over 100 automated ports of entry. The agency is now waiting for additional legislation to be able to proceed with the air mode activities. The officials added that the action plan includes other entry/exit modes as well.

2.4.4 Re-profiling of Available Funding for Some Projects

According to the *2014–15 Main Estimates*, the agency requested an increase of \$116.3 million to preserve the availability of funding for some key projects that were unspent in the previous year.

When questioned by the Committee, the officials explained that funds were not carried forward but re-profiled from the previous year to the current year, which is a similar mechanism, to better align the available funding with planned spending.

2.5 Department of Finance Canada

In their testimony before the Committee, Department of Finance Canada officials discussed their organization's estimates, statutory items, departmental priorities for the current fiscal year, growth and prosperity, federal liabilities and debt, and the Insured Mortgage Purchase program.

2.5.1 Estimates

According to the *2014–15 Main Estimates*, the Department of Finance Canada requested \$87.6 billion for 2014–2015, more or less the same as that requested in the *2013–14 Main Estimates*. Table 3 presents its estimates broken down by voted items and statutory items.

Table 3 – Department of Finance Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	114,981,053	111,169,165	3.4
5	Grants and contributions	5,035,000	5,035,000	0.0
Total voted		120,016,053	116,204,166	3.3
<i>Total statutory</i>		<i>87,495,714,686</i>	<i>87,495,637,585</i>	<i>0.0</i>
Total budgetary		87,615,730,739	87,611,841,751	0.0

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-132.

According to the officials, over 99% of the \$87.6 billion requested in the *2014–15 Main Estimates* related to statutory items that have already been approved by Parliament through enabling legislation.

The balance of \$120 million is voted and made up of the department's operating expenditures of \$115 million and grants and contributions of \$5 million.

2.5.2 Statutory Items

In their testimony, the officials said that there were many key changes to the statutory forecasts compared with the *2013–14 Main Estimates*, resulting in a net increase of \$100,000. The key changes were as follows:

- a \$2.3 billion increase in transfer payments to the provinces and territories resulting from legislated funding formulae;
- a \$1.5 billion decrease⁷ in sales tax harmonization payments as a result of the completion of scheduled payments to Quebec and Prince Edward Island under the Comprehensive Integrated Tax Coordination Agreements;
- a \$583.0 million decrease in other interest costs due to a decrease in the average Government of Canada long-term bond rate, which is used to calculate interest on public sector pension obligations pertaining to service prior to 1 April 2000; and
- a \$254.0 million decrease in interest on unmatured debt largely due to assets maturing under the Insured Mortgage Purchase program in 2013–2014 and a lower weighted average rate of interest on market debt.

2.5.3 Departmental Priorities

In response to Committee questions, the officials said that the department's main priority is managing the return to balanced budgets in 2015. This priority is supported by the following activities:

⁷ According to the *2014-15 Main Estimates*, the exact decrease is \$1.481 billion.

- effective management of the fiscal framework, which includes responsible management of the federal budget and the federal debt, and measures to enhance the competitiveness, efficiency, fairness and simplicity of Canada's tax system;
- development of macroeconomic, tax, financial and structural policies that support sustainable economic growth;
- management of current and emerging challenges related to social policy and major transfer payment programs to ensure that those programs are sustainable and effective for all Canadians; and
- promotion of Canada's interests abroad in trade, investment and effective and innovative aid policies aimed at reducing global poverty and working toward a more stable and secure international economic and financial system.

2.5.4 Growth and Prosperity

Asked about how employment and prosperity results are measured, the officials said that the federal government's ultimate goal is to return to balanced budgets and ensure a sustainable tax system, low-cost funding and low interest rates. The Department of Finance Canada measures overall growth through growth indicators such as employment, per capita gross domestic product, and productivity growth.

2.5.5 Federal Liabilities and Debt

Following questions from the Committee, the officials explained that the federal government's total liabilities are approximately \$1 trillion. Of that amount, \$660 billion is market debt, such as bonds, T-bills and other retail debt. An additional \$150 billion is in public service pension-plan-related liability obligations, and \$75 million in employee benefits, veterans' programs, Royal Canadian Mounted Police member programs, and health liabilities for pensioners. The balance is made up of accounts payable and accruals. The officials also explained that the estimates respecting annual interest charges on the public debt are \$26.3 billion for 2014–2015, or 11% of the total federal budget.

They continued their testimony, saying that in a low interest rate environment the government pays less in terms of its coupon on market debt and accrues less interest as the liabilities on pensions and benefits grow. The decrease of \$583 million in interest on the debt in the *2014–15 Main Estimates* is due to a decrease in the average long-term bond rate, which is used to calculate interest on public sector pension obligations pertaining to service prior to 1 April 2000. They added this is down from a high of over 30% in the late 1990s, and that it is the lowest it has been in 20 years.

In response to questions from a Committee member, the officials said that 26% of the \$660 billion in market debt, or \$175 billion, is held by foreign ownership. This percentage continues to grow because of the attractiveness of the Government of Canada's security and credit quality. According to the officials, Canada is one of only a handful of countries with a Triple-A stable rating across all the major credit rating agencies.

2.5.6 Insured Mortgage Purchase Program

The Committee was interested in the \$254 million decrease in interest under the Insured Mortgage Purchase program. The officials explained that this reduction is largely due to assets maturing under the Insured Mortgage Purchase program.

According to the officials, in response to the global financial crisis, the Department of Finance Canada provided funding to the Canada Mortgage and Housing Corporation, which then bought insured mortgages off the balance sheets of banks to provide them with more liquidity so they could lend to Canadian individuals and enterprises. Those mortgages are now coming due. As these assets are now being sold back and maturing, the federal government is realizing proceeds on the assets and does not need to borrow as much cash because it is receiving cash revenues from the proceeds on the sale of these insured mortgage pools.

Unable to respond fully to some questions from Committee members, the officials said they would provide the Committee as soon as possible with the **the outstanding part of the \$30 billion** debt initially incurred by the federal government under the Insured Mortgage Purchase program, the time frame and when the federal government will have paid this debt. At the time of writing, the Committee had yet to receive a response.

2.6 Employment and Social Development Canada

In their testimony before the Committee, Employment and Social Development Canada officials discussed their organization's estimates, operating expenditures, and grants and contributions. They also spoke about labour market agreements, the Old Age Security program and student loan write-offs.

2.6.1 Estimates

According to the *2014–15 Main Estimates*, Employment and Social Development Canada requested \$51.7 billion for 2014–2015, an increase of \$1.1 billion, or 2.3%, over the *2013–14 Main Estimates*. Table 4 presents its estimates broken down by voted items and statutory items.

Table 4 – Employment and Social Development Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	571,067,134	626,536,688	-8.9
5	Grants and contributions	1,227,675,995	1,761,893,292	-30.3
	Debt write-off — Canada Student Loans	0	0	0
Total voted		1,798,743,129	2,388,429,980	-24.7
<i>Total statutory</i>		<i>49,872,029,598</i>	<i>48,136,658,141</i>	<i>3.6</i>
Total budgetary		51,670,772,727	50,525,088,121	2.3

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-118.

Questioned by the Committee, the officials said that, when compared to the 2013–2014 budgetary main estimates of \$50.5 billion, the 2014–2015 planned expenditures represent a net increase of \$1.1 billion. This increase is due primarily to statutory items, such as Old Age Security and Guaranteed Income Supplement payments, which account for 96% of the department's total budget. According to the officials, these increases are explained by changes in the average rates of payment and in the number of beneficiaries.

2.6.2 Operating Expenditures

When questioned by the Committee, the officials explained that the department estimates operating expenditures of \$571 million in 2014–2015, a decrease of \$56 million from the previous year's estimates

of \$627 million and \$83 million from 2012–2013. According to the officials, this decrease is mainly attributable to savings identified by the spending review launched in the 2012 federal budget. These savings made the department's operations leaner and more efficient while preserving programs, services and transfers for Canadians.

A further decrease in operating expenditures is related to the Homelessness Partnering Strategy, which is now funded internally, according to the officials. They pointed out that communities will continue to receive the same amount of funding for programs to prevent and reduce homelessness. Lastly, a decrease of \$8 million results from reductions in temporary funding and the phasing out of programs.

2.6.3 Grants and Contributions

In response to questions from the Committee, the officials said that the department estimates expenditures of \$1.2 billion on grants and contributions in 2014–2015, a decrease of \$534.2 million from the previous year. According to the officials, this decrease is mainly due to the expiry of the labour market agreements between the federal government and the provinces and territories.

2.6.4 Labour Market Agreements

When questioned by the Committee, the officials said that, as announced in the 2013 federal budget and again in the 2014 federal budget, the federal government is renewing and transforming the Labour Market Agreements with the provinces and territories.

They explained that the Labour Market Agreements are being transformed through the introduction of the Canada Job Grant to directly connect skills training with employers, helping to ensure that Canadians are developing the skills required for available jobs. A total of \$500 million was earmarked for 2014–2015 for this initiative and was requested and approved through the *Supplementary Estimates (A), 2014–15*.

The officials added that, through grants and contributions, their department provides funding to other administrations and organizations in the volunteer and private sectors to support projects that meet the needs of Canadians in the workforce and in social development.

The officials also explained that the 2014 federal budget renewed the Targeted Initiative for Older Workers for a three-year period, representing a total investment of \$75 million. The Targeted Initiative for Older Workers is a cost-shared federal-provincial-territorial initiative designed to assist unemployed older workers, normally age 55 to 64, living in small vulnerable communities affected by significant downsizing or high employment to enter the workforce. The funding announced in the 2014 federal budget for this program will be requested by Employment and Social Development Canada through supplementary estimates in 2014–2015.

In response to questions from a Committee member, the officials said that, given that the Labour Market Agreements were signed in July 2014, funding was not available on 1 April 2014, the start of the fiscal year. The federal government will therefore allow provinces to request a carry forward of funds for 2014–2015 to the following year, but only if they do not spend the entire amount or sign up or get commitments on the entire amount for 2014–2015.

2.6.5 Old Age Security Program

The Committee learned that the forecasted spending for the Old Age Security program increases year after year because of the ageing population and the planned increase in the average monthly benefit amount. According to the officials, it is estimated that, between 2009 and 2016, there will be an increase of more than one million beneficiaries for both the Canada Pension Plan and Old Age Security.

The Committee was interested in the change in age to qualify for the old age pension, which was recently increased to 67, and its impact on the sustainability of the Old Age Security program. The officials explained that, based on government projections, the Old Age Security program will be sustainable over the long term.

2.6.6 Student Loan Write-offs

Committee members asked the officials about the student loan program. The officials said that the *2014–15 Main Estimates* do not include student loan write-offs. They added that there have not been any write-offs since 2012–2013. According to them, Employment and Social Development Canada is currently looking at a potential write-off. They indicated that their department is working on the file for approval by the Treasury Board of Canada Secretariat. The officials said that the student loan write-off should appear in one of the 2014–2015 supplementary estimates.⁸ Lastly, the officials added that, in terms of figures, Employment and Social Development Canada works with the Office of the Chief Actuary and its provincial counterparts because the Canada Student Loan Program is administered with provincial governments.

2.7 Canada Mortgage and Housing Corporation

In their appearance before the Committee, the officials from the Canada Mortgage and Housing Corporation discussed the main functions and estimates of their organization. They also answered questions about the Investment in Affordable Housing initiative and the Investment in First Nation Housing initiative and spoke about mortgage rates, securitization and the employee pension plan.

2.7.1 Mandate

Canada Mortgage and Housing Corporation was established as a Crown corporation in 1946 to help address housing shortages after the Second World War. Its role has evolved and today it helps lower-income Canadians access affordable, better quality housing through housing policy, programs and research in partnership with the provinces and territories and the private and not-for-profit sectors. It is also Canada's main provider of mortgage loan insurance and mortgage-backed securities. It is accountable to Parliament through the Minister of Employment and Social Development.

The three main functions of the Canada Mortgage and Housing Corporation are to:

- Support the stability of the housing markets and the financial system through housing finance activities. The Corporation provides mortgage loan insurance to help Canadians find housing in the

⁸ Since the testimony of its officials during the *2014-15 Main Estimates* study, Employment and Social Development Canada requested \$294.6 million through the *Supplementary Estimates (C), 2014–15* in order to write off debts owed to the Crown for unrecoverable Canada Student Loans. For more information, see [Supplementary Estimates \(C\), 2014–15](#), p. I-5.

marketplace, and securitization programs, which are Canadian financial institutions' diversified mortgage funding platforms.

- Help Canadians meet their housing needs through its housing market analysis work, policy development, research and information transfer activities.
- Work with the provinces, territories, First Nations communities, municipalities and other stakeholders to support low-income households and others who need housing assistance.

2.7.2 Estimates

According to the *2014–15 Main Estimates*, the Canada Mortgage and Housing Agency requested \$2.1 billion for 2014–2015, a decrease of \$3.2 million, or 0.2%, from the *2013–14 Main Estimates*. Table 5 presents its estimates.

Table 5 – Canada Mortgage and Housing Corporation Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Reimbursement under the provisions of the <i>National Housing Act</i> and the <i>Canada Mortgage and Housing Corporation Act</i>	2,097,353,000	2,100,578,000	-0.2
Total budgetary		2,097,353,000	2,100,578,000	-0.2
Total non-budgetary		-10,880,408,000	-41,866,564,000	74.0

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-20.

Table 6 presents the planned and actual revenues of the Canada Mortgage and Housing Corporation for the 2013 calendar year. As the table shows, parliamentary appropriations, which were \$2.07 billion for the 2013 calendar year, accounted for just over 40% of the Canada Mortgage and Housing Corporation's total revenues. Actual revenues exceeded planned revenues by \$119 million, or 2.4%, for the 2013 calendar year.

Table 6 – Canada Mortgage and Housing Corporation Revenues, 2013 Calendar Year (\$ millions)

	Planned revenues	Actual revenues	Difference between planned and real revenues
Parliamentary appropriations for housing programs	2,101	2,071	-30
Premiums and feeds earned	1,986	2,001	15
Net interest income	152	147	-5
Investment income	564	606	42
Other income	219	316	97
Total revenues	5,022	5,141	119

Source: Table prepared using data from the Canada Mortgage and Housing Corporation [2013 Annual Report](#), p. 47

The Committee learned that the Corporation is estimating budgetary expenditures of \$2.1 billion for 2014–2015. Just over \$2.0 billion of this amount will be used to provide assistance to Canadians in housing need, including low-income families, seniors, people with disabilities, Aboriginal people and victims of family violence. This amount will support close to 600,000 households living in existing social housing.

The officials added that the federal government will deliver \$250 million annually starting in 2014–2015 through the Investment in Affordable Housing initiative, which has been renewed until the end of 2018–2019, for a total of \$1.25 billion.

Under the framework for this initiative, the provinces and territories cost-match the federal investment. The Investment in Affordable Housing initiative helps Canadians with their housing needs by supporting the construction of new affordable housing, renovation, shelter allowances and rent supplements for social housing, and accommodations for victims of family violence. Close to 190,000 have benefited from this initiative since it was launched in 2011.

Continuing their testimony, the officials said that the balance of the organization's budgetary expenditures, some \$46.5 million, aims to support housing market analysis, policy development, research and information transfer activities.

The officials told the Committee that they project savings of \$78.1 million for 2014–2015 as a result of the spending review launched in the 2012 federal budget. The vast majority of these savings, or roughly \$76.0 million, is a result of changed future interest-rate projections, which will lower the amounts needed to provide new subsidies to social housing sponsors. These savings are partially offset by an increase of \$70.0 million in funding for housing in Nunavut, as announced in the 2013 federal budget, and an increase of \$4.0 million in funding for housing construction and rehabilitation on reserve.

Lastly, the Canada Mortgage and Housing Corporation projects negative non-budgetary expenditures, as it will repay more than it borrows from Treasury in fiscal 2014–2015. The officials noted that non-budgetary repayments of \$10.9 billion are estimated in 2014–2015, a decrease of \$31.0 billion compared to the previous fiscal year. The reason for the decline is that the bulk of repayments under the Insured Mortgage Purchase Program were made in 2013–2014. The Committee learned that the total amount to be repaid under this program is \$69.4 billion and that the repayment in 2014–2015 will be the final repayment.

2.7.3 Investment in Affordable Housing

The officials said that 584,000 households live in social housing under the Investment in Affordable Housing initiative and that, of this figure, 29,000 are Aboriginal households. While 80% of social housing stock is administered by the provinces and territories through a variety of agreements entered into between 1946 and 1993, 20% is administered directly by the Canada Mortgage and Housing Corporation.

2.7.4 Investment in First Nation Housing

The Committee was told that \$152.0 million annually is invested in on-reserve housing, and \$116.0 million in off-reserve housing. The officials said that, in Nunavut, roughly 30% of households are looking for or are in need of suitable, adequate and affordable housing. In the past two years, \$100.0 million in additional funding has been allocated to housing in Nunavut, which is on top of the \$11.7 million already invested in affordable housing in this territory.

The Committee was interested in the Canada Mortgage and Housing Corporation's housing investments in First Nation housing, particularly the performance evaluations tied to these investments. Asked about this matter, the officials said that their organization provides funding for housing construction on reserve through operating agreements, under which First Nations have the responsibility to ensure that housing is built to code and must provide the Canada Mortgage and Housing Corporation with certification in this regard. Recently, a second level of certification was implemented under which inspections at various stages of construction are required to ensure that the construction is built to the National Building Code.

The officials made clear that First Nation communities and municipalities, in the case of off-reserve housing investments, are responsible for ensuring that construction is built to the National Building Code. In this regard, certification signed by an inspector or engineer must be provided to the Canada Mortgage and Housing Corporation. However, the officials did not say at what point in the process the certification must be provided.

2.7.5 Mortgage Rates

In response to a question from a Committee member, the officials said that they are looking closely at the impact on Canadians' finances should interest rates rise and that they maintain capital buffers to provide against losses should they occur. The existing capital buffer for mortgage loan insurance is \$15 billion.

They explained that the risk to Canadian homeowners is more tied to changes in unemployment than to changes in interest rates since, generally, in order to default on a mortgage, a person must first lose the ability to pay. Given that most Canadians have five-year fixed rate mortgages, the impact of an increase in the interest rate is not immediate. Moreover, based on past experience, individuals who are in a variable rate mortgage at the onset of what are anticipated to be interest rate rises will switch into a fixed rate to deflect the impact of an increase.

2.7.6 Securitization

The officials explained the term "securitization" as the process by which financial institutions package up mortgages into a pool. They then sell that pool of mortgages to the public markets in order to obtain cash to continue funding their operations. Buyers benefit from the interest and capital that is paid on those mortgages. The role of the Canada Mortgage and Housing Corporation is to facilitate these activities through securitization guarantee programs.

In response to a question from a Committee member, the officials said that there are very stringent standards as to what gets put into those bundles and that there would never be any type of U.S. sub-prime debt. Moreover, they said that sub-prime debt is very small in Canada because of the rigorous lending standards in the private sector.

The Canada Mortgage and Housing Corporation has issued \$400 billion of guarantees through its securitization program.

2.7.7 Employee Pension Plan

Asked about the deficit of the Canada Mortgage and Housing Corporation employee pension plan, the officials said that the going concern deficit within the defined benefit pension plan is less than 5%, while the total deficit for the pension is roughly \$2 billion. They added that current funding of the pension plan is 52% employer, 48% employee, but will be a 50-50 split by 2017.

2.8 Public Health Agency of Canada

In their testimony before the Committee, Public Health Agency of Canada officials discussed their organization's mandate, its estimates, the hepatitis C health care services program and the Federal Initiative to Address HIV/AIDS in Canada. They also spoke about the new influenza vaccine fill line, the

Ebola outbreak in West Africa and savings identified by the spending review launched in the 2012 federal budget.

2.8.1 Mandate

The officials explained that public health involves organized efforts to keep people healthy and to prevent injury, illness and premature death. In Canada, public health is a responsibility shared by all levels of government, in collaboration with the private sector, non-government organizations, health professionals and the public. According to the officials, the Public Health Agency of Canada has put in place programs, services and policies that protect and promote the health of Canadians through three core business lines: health promotion and disease prevention, public health infrastructure, and health security.

2.8.2 Estimates

According to the *2014–15 Main Estimates*, the Public Health Agency of Canada requested \$614.7 million for 2014–2015, an increase of \$35.5 million, or 6.1%, over the *2013–14 Main Estimates*. Table 7 presents its estimates broken down by voted items and statutory items.

Table 7 – Public Health Agency of Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	312,527,662	329,555,178	-5.2
5	Capital expenditures	6,100,596	7,217,054	-15.5
10	Grants and contributions	253,014,798	210,343,452	20.3
Total voted		571,643,056	547,115,684	4.5
<i>Total statutory</i>		<i>43,053,629</i>	<i>32,120,776</i>	<i>34.0</i>
Total budgetary		614,696,685	579,236,460	6.1

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-262.

According to the agency's officials, the increase in funding requested for the current fiscal year is mainly due to funding requests under grants and contributions (\$42.7 million) and statutory votes (\$10.9 million).

2.8.3 Hepatitis C Health Care Services Program

According to the officials, a one-time increase of \$49.7 million was requested in the *2014–15 Main Estimates* to make the final payment under the Hepatitis C Health Care Services Program.

The officials said that the payment results from the agreement that was reached in 1998 with the provinces in the wake of the tainted blood scandal and that was meant to help those who became infected with hepatitis C between 1986 and 1990. They said that a budget of \$525.0 million was announced at the time and that every five years a payment was made. The payment of \$49.7 million in the *2014–15 Main Estimates* is the last payment to be made to the provinces, which is divided based on the number of individuals who became infected in each province.

2.8.4 Federal Initiative to Address HIV/AIDS in Canada

In response to questions from Committee members, the officials said that the Public Health Agency of Canada has a specific program dedicated to HIV and AIDS called the Federal Initiative to Address HIV/AIDS in Canada. They added that the planned spending for this initiative in 2014-2015 is \$40.6 million. The officials said that the funding generally goes to community-based programs to help communities address the issue. Part of the funding also goes into laboratory testing, guidance to communities, hospitals and health care workers, and educational projects. According to the officials, 240,000 individuals from vulnerable populations resided in communities that were reached by this program.

Lastly, the officials added that the Public Health Agency of Canada also funds an HIV vaccine initiative, which is a partnership between the federal government and the Bill & Melinda Gates Foundation.

2.8.5 New Influenza Vaccine Fill Line

In response to questions from Committee members, the officials explained that their organization proposed a \$3.1 million investment for 2014–2015 to support the installation of a new influenza vaccine fill line in the ID Biomedical Corporation in Sainte-Foy, Quebec, to secure, protect and improve ongoing domestic vaccine capacity for seasonal and pandemic influenza.

The officials stressed that an influenza vaccine against a virus is a complex process. According to them, every year difficulties or issues might occur because it is not a chemical but a biological product. Its growth, its ability to multiply and the way it behaves inside the manufacturing facility can vary from season to season. Health Canada, as the regulatory authority, ensures that things go well.

In response to a question from the Committee about whether there would be sufficient vaccine for Canadians who want to get vaccinated the following winter, the officials said that the Public Health Agency of Canada facilitates a federal-provincial table with Public Works and Government Services Canada to project how much vaccine is needed and ensure it is produced in sufficient quantities. They said that there is more than one vaccine manufacturer so that there is a backup should one or the other have any issues.

2.8.6 Ebola Virus outbreak in West Africa

Asked by the Committee about the recent Ebola virus outbreak, the officials said that the Public Health Agency of Canada manages the Health Portfolio Emergency Operations Centre, which serves as the hub to coordinate response activities to significant public health events such as the current Ebola virus outbreak in West Africa.

They added that the Agency is a member of the International Health Regulations Emergency Committee on Ebola, which provides advice to the Director General of the World Health Organization on the crisis.

The officials also mentioned that Canada has contributed over \$35 million to groups like the Canadian Red Cross, Médecins Sans Frontières and the World Health Organization to provide health, humanitarian and security support to those involved in the united effort to treat afflicted people and to prevent the spread of Ebola. Canada has also offered between 800 and 1,000 doses of an experimental

vaccine for Ebola to the World Health Organization and has made available over \$2.5 million in personal protective equipment.

According to the officials, since June 2014 the Public Health Agency of Canada has deployed a mobile laboratory staffed with rotating teams of Canadian scientists and stocked with supplies from the National Microbiology Laboratory to Sierra Leone. The agency recently deployed a second mobile laboratory and sent three more scientists to join the team in the field in Sierra Leone. One laboratory team will continue to provide rapid diagnostic support to help local health care workers to quickly diagnose Ebola. The second team will work with Médecins Sans Frontières to monitor effectiveness of infection prevention procedures such as hand-washing stations, face masks and disposal sites to prevent the further spread of the disease.

When questioned by the Committee, the officials said that the federal government is well prepared to protect Canadians within its borders with a number of systems already in place to identify and prevent the spread of serious infectious diseases like the Ebola virus. They include screening for travellers from affected countries; laboratory diagnostics; information dissemination; communication networks that link levels of government and health care workers; hospital environments with technology, equipment and isolation protocols; and education and legislation that support border services and quarantine officers to respond quickly to travellers presenting with symptoms of serious infectious diseases.

According to the officials, so far around 20 people have been tested in Canada for the Ebola virus and all have been cleared.

2.8.7 Savings Identified by the Spending Review Launched in the 2012 Federal Budget

In response to questions from the Committee, the officials said that for 2014–2015 the agency forecasted \$32.2 million in savings related to the spending review launched in the 2012 federal budget. According to the officials, these savings are to be achieved through efficiency measures and program reductions that align resources to the agency's core mandate. It will not, however, impede the achievement of the agency's strategic outcomes.

2.9 Correctional Service of Canada

In their testimony before the Committee, the Correctional Service of Canada officials discussed their organization's estimates, wages, services for Aboriginal peoples in correctional institutions, mental health problems and prison population projections.

2.9.1 Estimates

According to the *2014–15 Main Estimates*, the Correctional Service of Canada requested \$2.3 billion for 2014–2015, a decrease of approximately \$263 million, or 10.1%, from the *2013–14 Main Estimates*. Table 8 presents its estimates broken down by voted items and statutory items.

Table 8 – Correctional Service of Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	1,913,020,536	2,008,952,406	-4.8
5	Capital expenditures	184,244,519	355,544,519	-48.2
Total voted		2,097,265,055	2,364,496,925	-11.3
<i>Total statutory</i>		<i>237,417,337</i>	<i>233,116,766</i>	<i>1.8</i>
Total budgetary		2,334,682,392	2,597,613,691	-10.1

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014-15 Main Estimates](#), p. II-110.

In their testimony, the Correctional Service of Canada officials explained that the decrease in funding requested through the 2014–15 Main Estimates over the previous year is due to two factors: additional savings of \$125.2 million resulting from the savings identified by the spending review launched in the 2012 federal budget and a return of funds of \$119.5 million related to projected inmate population growth that did not materialize.

2.9.2 Wages

In response to questions from Committee members, the officials said that the Correctional Service of Canada plans to utilize a total of 18,721 full-time equivalents in 2014–2015. They added that approximately 72% of the organization's budget is dedicated to salaries and wages and about 85% of its staff work in institutions or in the community.

According to the officials, the Correctional Service Canada's workforce reflects the variety of skilled employees needed to operate their facilities: health professionals, correctional officers, parole and program officers, trades personnel, human resource and financial advisers, administrative support staff.

2.9.3 Services for Aboriginal Peoples in Correctional Institutions

In response to questions from members of the Committee, the officials explained that the Correctional Service of Canada has specific programs for Aboriginal offenders. For example, healing lodges specifically target Aboriginal offenders. According to the officials, the healing lodges it operates in the Prairies and British Columbia are specifically resourced. The Correctional Service of Canada also provides elder services and funding for various spiritual and cultural activities to help offenders, specifically Aboriginal offenders, get in touch with their history.

The officials said that Aboriginal peoples are over-represented in the prison population. However, the initiatives put in place by the Correctional Service of Canada are making a positive difference. The officials added that the work and effort specifically targeting Aboriginal offenders is starting to close the gap but there is still a lot of work to do.

In response to questions from the Committee about the services available to Aboriginal peoples in Canadian correctional institutions, the officials sent documents to the Committee on 12 December 2014. According to these documents, funding for search programs was \$65.5 million in 2013–2014, an increase of 5% over 2012–2013 and 32% over 2009–2010.

2.9.4 Mental Health Problems

In response to questions from the Committee, the officials said that 13% of men and 29% of women in the prison population have some form of mental health problem, from minor mental health issues up to more severe and acute problems.

The officials explained that the organization has spent between \$85 million and \$90 million each year on mental health over the last couple of years. Through these investments, the Correctional Service of Canada says it has made some progress in terms of addressing the needs of offenders.

Questioned by the Committee, the officials said that one of the biggest challenges for the Correctional Service of Canada is that offenders who are reintegrated back into the community find that many of the community services are already overtaxed. According to the officials, these individuals are doubly stigmatized because they are not only offenders with a criminal record but they also have mental health problems. They added that the Correctional Service of Canada finds it challenging to find services to support offenders in their reintegration back into the community, especially rural communities.

2.9.5 Prison Population Projections

Committee members questioned the officials to learn more about the decrease in funding requested in the *2014–15 Main Estimates* related to projected inmate population growth that did not materialize.

They explained that in 2006, 2007 and 2008, projections were made based on data that was three or four years old in terms of growth in the prison population. At the time there was significant growth in the offender population and there was nothing to indicate that there would be any change to that. Those numbers were then put into a projection model and a number was produced for the estimates. The projections ultimately proved to be too high and the Correctional Service of Canada had to return the unspent funds.

The officials added that between March 2010 – when a lot of significant bills were passed – and now, the prison population has gone up by approximately 1,200 offenders. The officials said there was a period of rapid growth, but it now seems to have leveled out. The Correctional Service of Canada is responsible for 15,200 offenders in the prison system and supervising 8,000 in the community.

2.10 Veterans Affairs Canada

In their testimony before the Committee, Veterans Affairs Canada officials discussed their organization's mandate, its estimates, veterans' access to programs, demographic changes in the veteran population and savings identified by the spending review launched in the 2012 federal budget.

2.10.1 Mandate

The officials explained that the mandate of Veterans Affairs Canada is twofold:

- providing benefits and programs to veterans, Canadian Armed Forces personnel and their families in recognition of service to Canada; and
- ensuring achievements and sacrifices are honoured and remembered through commemorative activities.

In response to a question from the Committee, the officials explained that “war-service veterans” are traditional veterans. For the department, this means veterans from World War I, World War II and the Korean War. It refers to veterans of the New Veterans Charter as modern-day veterans, who are younger and have fairly different needs than older veterans. According to the officials, these terms are used for recognition purposes but are not eligibility criteria for Veterans Affairs Canada programs.

2.10.2 Estimates

According to the *2014–15 Main Estimates*, Veterans Affairs Canada requested \$3.6 billion for 2014–2015, a decrease of around \$61 million, or 1.7 %, from the *2013–14 Main Estimates*. Table 9 presents its estimates broken down by voted items and statutory items.

Table 9 –Veterans Affairs Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	855,453,817	871,509,739	-1.8
5	Grants and contributions	2,685,987,300	2,726,718,500	-1.5
Total voted		3,541,441,117	3,598,228,239	-1.6
<i>Total statutory</i>		<i>35,537,649</i>	<i>39,671,095</i>	<i>-10.4</i>
Total budgetary		3,576,978,766	3,637,899,334	-1.7

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-325.

The officials said that approximately 90% of Veterans Affairs Canada’s budget, or \$3.26 billion, will flow directly to veterans, their families and other Canadians served by Veterans Affairs Canada.

2.10.3 Increasing Veterans’ Access to Programs

In response to Committee questions, the officials explained that, in the funding requested through the *2014–15 Main Estimates*, \$82.5 million is to increase veterans’ access to programs under the New Veterans Charter. For example, \$61.0 million is for the is for the Earnings Loss Benefit and the Supplementary Retirement Benefit, which provide income support to eligible Canadian Armed Forces veterans participating in Veterans Affairs Canada’s Rehabilitation Program. These benefits also provide income replacement for survivors and orphans of Canadian Forces veterans whose deaths are related to military service.

According to the officials, \$16.9 million is earmarked in the *2014–15 Main Estimates* for an increase in disability awards and allowances that are intended to recognize and compensate Canadian Armed Forces members and veterans for the non-economic effects of a service-related disability. This includes pain and suffering, functional loss and the effects of permanent impairment on their lives and the lives of their families.

The officials continued their testimony, saying that \$7.1 million is for vocational and health-related rehabilitation services. These include medical rehabilitation to stabilize physical and psychiatric conditions and restore basic function, psycho-social rehabilitation to restore independence and adapt to disability, and vocational rehabilitation to identify and achieve their vocational goals.

According to the officials, through this funding the organization will continue to ensure that Canada is there for the men and women and families who are there for Canada.

2.10.4 Changing Demographics in the Veteran Population

Answering questions from the Committee, the officials explained that the *2014–15 Main Estimates* illustrate the reality that it is losing hundreds of traditional war veterans each month. According to them, the number of surviving war-service veterans has dropped below 100,000, and that's probably the first time that's happened since World War I. The projected decrease in the department's spending for 2014–15 is in part attributable to the declining numbers of veterans. It is forecasting a net decrease of around 9,500 war-service veterans and survivors. Veterans Affairs Canada currently provides benefits and services to roughly 204,000 people.

The officials said that in spite of the declining number of traditional veterans, the department is forecasting a \$5.9 million increase in the War Veterans Allowance program. This increase stems from the [Manuge](#) decision. Since that decision, the federal government no longer offsets disability pension benefits against its other programs. This also impacts the Earnings Loss Benefit and the Canadian Forces Income Support benefit.

The officials added that declining traditional veterans is also impacting the department's size and staff workload.

2.10.5 Savings Identified by the Spending Review Launched in the 2012 Federal Budget

Answering questions from Committee members, the officials said that the savings identified by the spending review launched in the 2012 federal budget and transformative measures are the main drivers for the decreased funding request of \$61 million in the *2014–15 Main Estimates*. According to the officials, these measures have cut red tape for veterans by simplifying Veterans Affairs Canada's policies and programs, streamlining business processes and introducing new technologies. The department was therefore able to reduce the number of hands required to serve veterans and their families. The officials added that the department now serves veterans better and faster and in more modern and convenient ways.

2.11 Patented Medicine Prices Review Board

In their appearance the Patented Medicine Prices Review Board officials discussed their organization's mandate, estimates, Patented Medicine Prices Regulation Program and publications. They also discussed drug prices and the pan-Canadian Pharmaceutical Alliance.

2.11.1 Mandate

The Patented Medicine Prices Review Board was created in 1987 and is accountable to Parliament through the Minister of Health. Its mandate is to ensure that prices for patented medicines sold in Canada are not excessive and report on pharmaceutical trends of all medicines and on research and development spending by patentees in Canada.

2.11.2 Estimates

According to the *2014–15 Main Estimates*, the Patented Medicine Prices Review Board requested \$10.9 billion for 2014–2015, a decrease of 0.2% from the *2013–14 Main Estimates*. Table 10 presents its estimates broken down by voted items and statutory items.

Table 10 – Patented Medicine Prices Review Board Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Program expenditures	9,949,348	9,918,440	0.3
<i>Total statutory</i>		<i>977,682</i>	<i>1,025,633</i>	<i>-4.7</i>
Total budgetary		10,927,030	10,944,073	-0.2

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-256.

The officials told the Committee that \$10.9 million in the *2014–15 Main Estimates* must be approved by Parliament.

They stated that the estimates cover \$6.8 million for the Patented Medicine Prices Regulation Program, \$1.3 million for the policy and economics analysis program, and \$2.8 million for internal services.

They also noted that \$2.5 million will be used to cover the costs of public hearings, such as hiring external legal counsel. They added that, because these expenditures are dependent on the number of hearings in any given year and their length and complexity, it is difficult to predict how much of this special purpose allotment will be spent in a fiscal year.

Continuing their testimony, the officials said that their organization's budget decreased by approximately \$17,000 from the previous year due to decreased spending as a result of savings identified by the spending review launched in the 2012 federal budget.

The Committee learned that the organization has about 60 full-time equivalents and five members appointed by the Governor in Council.

2.11.3 Patented Medicine Prices Regulation Program

The officials noted that, under the Patented Medicine Prices Regulation Program, their organization sets the price ceilings for the 100 or so new patented medicines that enter the Canadian market each year. The Patented Medicine Prices Review Board also reviews the prices of more than 1,300 patented medicines already on the market to ensure that they comply with the price ceilings.

While the majority of patentees conform voluntarily with price ceilings – upwards of 94% according to the officials, the Board investigates complaints it receives regarding allegations of excessive pricing. If the Board finds, following an investigation, that a patented medicine appears to be priced excessively, the patentee may lower the price or reimburse the overcharge through a voluntary compliance undertaking. If the patentee disagrees with the results of the investigation and chooses not to submit a voluntary compliance undertaking, the chair of the Board may issue a notice of hearing. At the hearing, members of the Patented Medicine Prices Review Board form a panel before which Board staff and the patentee appear. If the panel finds that the price of a patented medicine is excessive, it can order the patentee to reduce the price and refund the overcharge.

The Committee was told that since 2008 the Board has received 52 voluntary compliance undertakings by patentees, amounting to more than \$93 million in excess revenue refunded to the federal government. About 50 investigations are currently in progress, and three of the Board's decisions are currently under appeal before the Federal Court of Appeal.

2.11.4 Publications

The Patented Medicine Prices Review Board releases an annual report, tabled in Parliament by the Minister of Health, reporting on its price review activities, price trends of patented medicines, price trends of all prescription drugs, and research and development expenditures reported by pharmaceutical patentees in Canada.

The officials noted that their organization also publishes a multitude of studies each year under the National Prescription Drug Utilization Information System initiative, which is a collaborative initiative between the Board and the Canadian Institute for Health Information. Under this initiative, the Board has published 22 studies over the last decade.

2.11.5 Drug Prices

The Committee learned that Canadians pay more per capita and as a percentage of gross domestic product on patented and generic drugs than do people from many member countries of the Organisation for Economic Co-operation and Development.

Following a question from a Committee member, the officials said that many recent studies have reported a significant gap between generic drug prices in Canada and prices abroad. However, they noted that the Board's studies show a more modest price gap because it compares drug prices in Canada to average prices rather than to the lowest prices observed in other countries.

2.11.6 Pan-Canadian Pharmaceutical Alliance

Following a question from a Committee member, the officials explained that, previously, the provinces independently negotiated the price of each drug with pharmaceutical companies, and this price had to be reimbursed by the province. Recently, however, the provinces have come together under the Council of the Federation to form the pan-Canadian Pharmaceutical Alliance through which they increasingly negotiate collectively. This initiative has resulted in a drop in average drug prices paid by the provinces.

2.12 Canadian Institutes of Health Research

In their testimony, Canadian Institutes of Health Research officials discussed their organization's main functions, estimates, research programs, priorities and challenges. They also talked about signature initiatives, international initiatives, fiscal oversight, the Canadian Consortium on Neurodegeneration in Aging, federal granting agencies, and patents resulting from CIHR-funded research.

2.12.1 Mandate

The officials said that their organization was established in 2000 by Parliament in an effort to position Canada as a world leader in the creation and use of knowledge through health research to improve the health of all Canadians and of the wider global community. Its objectives are to create new knowledge and to translate this into improved health for Canadians and more effective health services and products.

The officials also explained that the Institutes of Health Research must, under the *Canadian Institutes of Health Research Act*, advise the Minister of Health on all matters relating to health research or health policy.

2.12.2 Estimates

According to the *2014–15 Main Estimates*, the Canadian Institutes of Health Research requested \$985 million for 2014–2015, an increase of roughly \$17.3 million, or 1.8%, over the *2013–14 Main Estimates*. Table 11 presents its estimates broken down by voted items and statutory items.

Table 11 – Canadian Institutes of Health Research Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	47,112,396	46,367,765	1.6
5	Grants	932,143,424	915,350,465	1.8
Total voted		979,255,820	961,718,230	1.8
<i>Total statutory</i>		<i>5,696,142</i>	<i>5,934,92</i>	<i>-4.0</i>
Total budgetary		984,951,962	967,653,157	1.8

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-58.

The officials told the Committee that the increase in the budget requested for 2014–2015 compared to the previous fiscal year is primarily due to the new ongoing investment of \$15 million in the strategy for Patient-Oriented Research, which was announced in the 2013 federal budget. The strategy represents a coalition of federal, provincial and territorial partners that foster innovation in the Canadian health care system by ensuring that the patient receives the right clinical intervention at the right time, ultimately leading to better health outcomes.

The Committee also learned that the Canadian Institutes of Health Research invests 94% of their total annual budget, which is around \$1 billion, in a range of programs and activities to support research and promote knowledge translation. The balance of its budget, or 6%, is directed to operating and managing its activities.

The Canadian Institutes of Health Research has about 420 full-time equivalent employees and about 15 members on its board of directors, selected through appointment processes.

2.12.3 Research Programs

The Canadian Institutes of Health Research is made up of the following 13 institutes:

- Institute of Aboriginal People’s Health, which supports health research in Canada to improve the health of First Nations, Inuit and Métis peoples;
- Institute of Aging, which undertakes initiatives on mobility for the elderly, health systems and services for an aging population and the International Collaborative Research Strategy on Alzheimer’s and related diseases;
- Institute of Cancer Research, which supports cancer research including preventing and treating cancer and improving the health and quality of life of cancer patients and cancer survivors;
- Institute of Circulatory and Respiratory Health, which supports research into lung, heart and cardiovascular diseases;
- Institute of Gender and Health, which fosters research regarding the influence of sex on the health of women and men throughout life;
- Institute of Genetics, which supports research on human and other genomes and on genetics;

- Institute of Health Services and Policy Research, which supports the delivery of quality care in Canada to all those who need it, when and where they need it;
- Institute of Human Development, Child and Youth Health, which supports research to improve the health and development of mothers, infants, youth and families in Canada and throughout the world;
- Institute of Infection and Immunity, which supports research in the areas of infectious disease and the immune system;
- Institute of Musculoskeletal Health and Arthritis, which supports research into musculoskeletal diseases and injuries and aims to improve the health of Canadians through physical activity;
- Institute of Neurosciences, Mental Health and Addiction, which supports research to understand brain functioning and to translate this knowledge into better treatment of brain diseases;
- Institute of Nutrition, Metabolism and Diabetes, which supports research into the causes, prevention, screening, diagnosis, treatment and palliation of diseases associated with hormone, digestive system, kidney and liver function; and
- Institute of Population and Public Health, which supports research and applies new knowledge in relation to policies and programs on improvements to health in order to explore health equity in Canada and globally.

In response to a question from a member of the Committee, the officials said that the Canadian Institutes of Health Research is unique in the world in terms of having a research institute dedicated to Aboriginal people's health. They added that one of their organization's priorities is reducing health inequities for Aboriginal peoples.

The officials also explained that their organization is divided into two main categories of research programs. The first, investigator-initiated programs, represents approximately 70% of the Institutes' investments. The second, priority-driven programs, represents 30% of their investments. While investigator-initiated programs are designed to ensure the continuous growth of solid evidence and research knowledge, priority-driven programs support emergent and targeted research that responds to the changing health needs and priorities of Canadians, such as the HIV Research Initiative, the National Anti-Drug Strategy and the Pandemic Preparedness Strategic Research Initiative.

2.12.4 Priorities and Challenges

The Committee learned that the Canadian Institutes of Health Research identified the following four priorities in their strategic plan for 2009–2010 to 2013–2014:

- improve the health care system so it is patient-oriented and sustainable;
- reduce health inequities, particularly for Aboriginal peoples;
- prepare for and respond to health threats; and
- reduce the burden of chronic disease and mental illness.

The officials also explained the three biggest challenges facing their organization:

- support the evolving health research landscape by modernizing existing programs, policies and systems;
- position trainees for success in their health-related studies or careers by working with diverse stakeholders to develop a national vision to support interns; and

- mobilize capacity for transformation and impact by taking action to support research on effective, multi-dimensional solutions.

2.12.5 Signature Initiatives

According to the officials, the Canadian Institutes of Health Research's signature initiatives are key elements to priority-driven programs. There are nine signature initiatives, which address a broad range of health issues:

- Strategy for Patient-Oriented Research;
- Canadian Epigenetics, Environment and Health Research Consortium;
- Community-Based Primary Health Care;
- Evidence-Informed Healthcare Renewal;
- Inflammation in Chronic Disease;
- International Collaborative Research Strategy for Alzheimer's Disease;
- Pathways to Health Equity for Aboriginal Peoples;
- Personalized Medicine; and
- Environments and Health.

The officials said that the Pathways to Health Equity for Aboriginal Peoples initiative was launched in 2012 and that the federal government intends to invest \$25 million in it over 10 years. This initiative focuses on the health inequities for First Nations, Inuit and Métis in four priority areas: suicide prevention, tuberculosis, diabetes/obesity and oral health. This initiative specifically looks at intervention research. One of the first elements of this initiative was to directly fund some Aboriginal community organizations through partnerships for health research. The purpose was to give these organizations the capacity to participate in the design, in the selection of priorities, and in mobilizing their own communities.

In response to a question from a Committee member, the officials said that, although Pathways to Health Equity for Aboriginal Peoples was set up to have specific measurables, there are currently no measurable results because the initiative has just been launched. They added that through partnerships the initiative has provided \$3 million to Aboriginal organizations to date.

2.12.6 International Initiatives

The officials said that the Canadian Institutes of Health Research participates in international activities that address global health. For example, the Canadian Institutes of Health Research is a member of the Global Alliance for Chronic Diseases, which aims to develop and facilitate innovative research collaborations between low-, middle- and high-income countries in the fight against chronic disease.

The Canadian Institutes of Health Research is also a founding member of the International Rare Diseases Consortium, whose goal is to accelerate medical breakthroughs for people affected by rare diseases and develop 200 new therapies for rare diseases by 2020. In response to a question from a

Committee member, the officials said that this initiative began in 2012 through a partnership with Genome Canada.

The Canadian Institutes of Health Research also participated in a global conference on dementia, which was co-hosted by Canada and France and held in Ottawa on 11–12 September 2014. The goal of the event was to discuss new models of collaboration between industry and academia in the care and treatment of people with dementia and their caregivers.

2.12.7 Fiscal Oversight

The Committee was interested in the fiscal oversight of the Canadian Institutes of Health Research and learned that it was provided by the Office of the Auditor General. The officials noted, however, that since 2013–2014, the Office of the Auditor General of Canada stopped auditing small agencies in order to reduce expenses. The Canadian Institutes of Health Research now uses an external auditor, Ernst & Young.

2.12.8 Canadian Consortium on Neurodegeneration in Aging

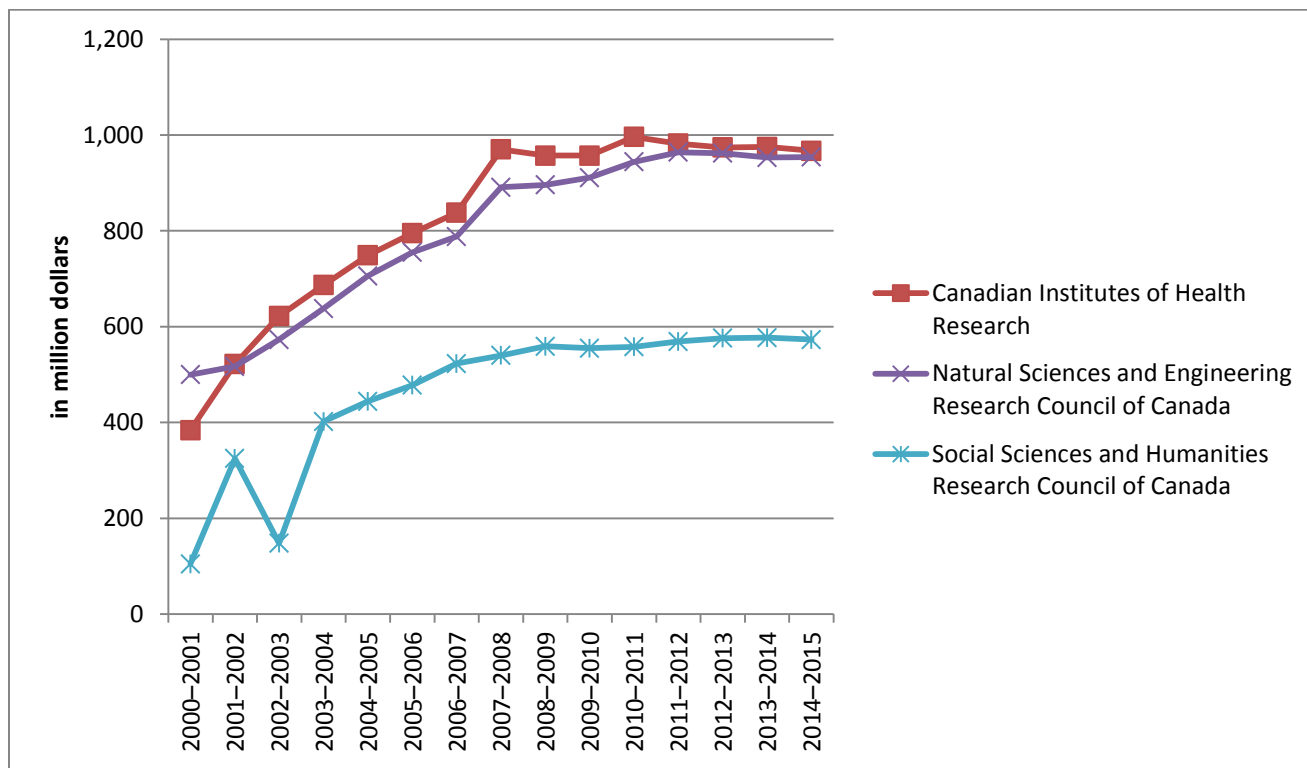
The Committee was told about the federal government's announcement in its 2014 budget of a new ongoing investment of \$15 million per year for the creation of the Canadian Consortium on Neurodegeneration in Aging and for other health research priorities. However, the officials pointed out that the budget announcement is not reflected in the *2014–15 Main Estimates*.

2.12.9 Federal Granting Agencies

The Canadian Institutes of Health Research is also one of three federal granting agencies. The other two are the Social Sciences and Humanities Research Council and the Natural Sciences and Engineering Research Council. These three agencies support and promote research in a wide variety of disciplines and areas and support 12 Networks of Centres of Excellence, 11 Centres of Excellence for Commercialization and Research and 4 Business-led Networks of Centres of Excellence.

Figure 1 shows the trend in federal research and development spending in the three granting agencies.

Figure 1 – Federal Research and Development Spending in the Three Granting Agencies, 2000–2001 to 2014–2015



Note: The data for 2014–2015 is preliminary and corresponds to the estimates for the fiscal year.

Source: Figure produced using Statistics Canada data, Table 358-0163, "[Federal expenditures on science and technology, by major departments and agencies](#)," CANSIM (database), consulted on 12 January 2015.

2.12.10 Patents Resulting from CIHR-funded Research

In their testimony, the officials said that their organization has no rights to ownership, exploitation, intellectual property, copyright or invention respecting funded research. It is the responsibility of the research or the institution for which the researcher works to file a patent application. The Committee learned that between April 2011 and May 2014, 226 researchers obtained at least one patent for their CIHR-funded research.

2.13 Public Service Commission of Canada

In their testimony before the Committee, the Public Service Commission of Canada officials discussed their organization's estimates, hiring in the federal public service and the Oversight of Integrity in Staffing and of Non-Partisanship program. They also spoke about their organization's communications expenditures.

2.13.1 Estimates

According to the *2014–15 Main Estimates* the Public Service Commission of Canada requested \$83.7 million for 2014–2015, a decrease of \$6.2 million, or 7.0%, from the *2013–14 Main Estimates*. Table 12 presents its estimates broken down by voted items and statutory items.

Table 12 – Public Service Commission of Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Program expenditures	71,676,677	76,778,690	-6.6
<i>Total statutory</i>		<i>12,016,810</i>	<i>13,170,904</i>	<i>-8.8</i>
Total budgetary		83,693,487	89,949,594	-7.0

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-270.

According to the 2014–15 Main Estimates, the projected decrease in spending in 2014–2015 is primarily due to a decrease of \$4.5 million resulting from the spending review launched in the 2012 federal budget and a decrease of \$3.1 million from a reprofile of funds to support the relocation of the Public Service Commission of Canada's headquarters offices from Ottawa to Gatineau toward the end of 2013.

2.13.2 Hiring in the Federal Public Service

In their testimony, the officials said that in 2013–2014 the population in the organizations coming under the *Public Service Employment Act* decreased by 2.6% and that following three consecutive years of decline this population in March 2014 was 10% lower than in March 2011. Notwithstanding this, in 2013–2014, the organization saw an increase in hiring and staffing activities for the first time in four years.

The officials said that permanent hiring in the public service was down over the past two years, first, because of the downsizing exercise and, second, because of the priority system. Through the priority system, internal positions were largely staffed by redeploying affected workers, so fewer hires were needed to fill available positions.

However, the officials noted that the demand by departments for new hires is starting to go up. The Public Service Commission of Canada anticipates it will turn the corner soon and start to hire new graduates, among others, into permanent jobs in the coming year.

Answering questions from Committee members, the officials said that the downsizing exercise had a demographic impact on the public service. According to the officials, the downsizing exercise is largely over, but between 5,500 and 6,000 people retired last year and 8,000 more will retire per year in the next three years, based on Treasury Board of Canada Secretariat forecasts. As a result, assuming the public service stays the size it is now, the Public Service Commission of Canada anticipates replacing these employees with people from outside the public service.

2.13.3 Oversight of Integrity in Staffing and of Non-partisanship Program

According to the *2014–15 Main Estimates*, the Public Service Commission of Canada plans a decrease this year of \$2.6 million, or 13.3%, in funding of the Oversight of Integrity in Staffing and of Non-Partisanship program.

Answering questions from Committee members, the officials said that the decrease is primarily due to the implementation of the spending review exercise and some reorganization as a result of that review.

According to the officials, in 2005 when new legislation was put into place, the Public Service Commission of Canada had to develop a lot of new activities. For example, it had to implement new methodologies and programs, including programs in the area of political activities. The officials said this has resulted in operating costs decreasing in a number of areas. They concluded by noting that there are no specific reductions related to the organization's work in political activities, except some collapsing of the management structures around it.

2.13.4 Communications Expenditures

Committee members asked the officials about the Public Service Commission of Canada's communications budget. The officials said the Public Service Commission of Canada is requesting a budget of \$3.7 million dedicated to communications functions and that 30 people work in that field full time.

They said that most Canadian applicants who want to obtain a position within the federal public service use the Public Service Commission of Canada's website. The Public Service Commission of Canada also has a telephone service for those with no Internet access. According to the officials, the use of telephone service is declining.

Answering questions from Committee members, the officials said that job offers for federal departments and agencies with positions to staff in the North are often published in local newspapers in English, French and Inuit.

Lastly, the officials said that the Public Service Commission's annual report, which is available on the Internet and published every year, is its main communication tool for informing the public of its activities.

2.14 Standards Council of Canada

In their testimony before the Committee, Standards Council of Canada officials discussed their organization's mandate, its estimates and external funding. They also spoke about the use of funds available to their organization and the use of parliamentary appropriations.

2.14.1 Mandate

The officials explained that the Standards Council of Canada is a Crown corporation responsible for leading Canada's standardization network. The corporation has 95 employees, and its strategic direction is guided by a 13-member board of directors. Its day-to-day operations are led by its CEO, Mr. John Walter.

The mandate of the Standards Council of Canada, which is included in the *Standards Council of Canada Act*, is to promote efficient and effective standardization in Canada. Its mission is to enhance Canada's competitiveness and well-being through standardization initiatives. Everything the Standards Council of Canada does is aimed at improving Canadians' quality of life and providing value to Canada.

2.14.2 Estimates

According to the *2014–15 Main Estimates*, the Standards Council of Canada requested \$11.7 million for 2014–2015, an increase of \$2.0 million, of 20.5%, over the *2013–14 Main Estimates*. Table 13 presents its estimates.

Table 13 – Standards Council of Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Payments to the Standards Council of Canada	11,729,000	9,729,000	20.5
Total budgetary		11,729,000	9,729,000	20.5

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-301.

Answering questions from the Committee, the Standards Council of Canada officials said that the \$2 million increase in estimates over the previous fiscal year is a one-time increase. The rationale for the increase is there was a carryover from the previous year in that it did not spend \$2 million associated with appropriations that were a result of spending delays against some contractual commitments that never materialized in 2013–2014. These mainly concern contracts that the Standards Council of Canada had reached with standard development agencies and that were delayed in their implementation into 2015. The Standards Council of Canada officials noted that developing a standard generally takes many years.

2.14.3 External Funding

While the Standards Council of Canada requested \$11.7 million in the *2014–15 Main Estimates*, it has a total expense view of \$23.2 million for this fiscal year.

According to the officials, the difference is from its accumulated surplus and external revenue sources, such as those from its advisory and accreditation services and royalties associated with the sale of its standards, the national standards of Canada.

2.14.4 Use of funds available to the Standards Council of Canada

Questioned by the Committee, the Standards Council of Canada officials said that the organization's expenditures could be broken down as follows:

- 48% for salaries and benefits for 95 employees;
- 25% for professional fees, these professional fees are paid out in a number of areas, including spending on contracts associated with standard development organizations that actually develop standards for Canadians, and for auditors and assessors used by the standards council for delivering conformity assessment and accreditation service;
- 15% for Canadian international participation in various international standardization committees; and
- 12% for Canada's membership in international organizations such as the International Organization for Standardization and the International Electrotechnical Commission, and all other expenses, such as rent and heat.

2.14.5 Use of Parliamentary Appropriations

The Committee asked the Standards Council of Canada's officials about the specific use of the \$11.7 million in parliamentary appropriations requested by the organization in the *2014–15 Main Estimates*. The officials said that the requested parliamentary appropriations will be spent in three major areas.

First, it will spend \$5.5 million on standards and conformity assessment policy. The standards council advises governments and industry on standards and conformity assessment related aspects of trade and regulatory policy. Of this amount, \$3.3 million will be used to fund standards development organizations to develop standards for the Standards Council of Canada.

The second major expenditure of \$4.5 million is related to the Standards Development Program. Through this program, the Standards Council of Canada approves standards submitted by standards development organizations as national standards of Canada, a designation that indicates the standard is the official Canadian standard on a particular subject.

The third expenditure item has to do with internal services activities and represents the balance of \$1.7 million. These activities support all Standards Council of Canada programs, such as communications, human resources, financial management, facilities, procurement and contracting, information technology and essential administrative services.

2.15 International Development Research Centre

The International Development Research Centre officials talked about their organization's mandate and estimates in their testimony. They also discussed the Canadian International Food Security Research Fund, the Grand Canada Challenges program, and their organization's activities in the mining and fishing sectors.

2.15.1 Mandate

The International Development Research Centre was created in 1970 and is accountable to Parliament through the Minister of Foreign Affairs. Its mandate is to help developing countries use science and technology to find practical, long-term solutions to the social, economic and environmental problems they face.

The Committee learned that the International Development Research Centre supports Canada's foreign policy and innovation agendas and helps to improve lives and livelihoods in the developing world. The organization has four regional offices: one in Cairo, Egypt; one in Nairobi, Kenya; one in Montevideo, Uruguay; and one in Delhi, India.

The officials explained that their organization funds research in developing countries to promote economic growth and development by bringing together leading experts from Canada and developing countries to find lasting solutions to pressing challenges. The organization's three main courses of action are to boost agricultural activity and support adaptation to climate change, promote economic growth and secure healthy livelihoods, and foster innovation and leadership.

2.15.2 Estimates

According to the *2014–15 Main Estimates*, the International Development Research Centre requested \$188.0 million for 2014–2015, a decrease of \$37.4 million, or 16.6%, from the *2013–14 Main Estimates*. Table 14 presents a breakdown of the estimates.

Table 14 – International Development Research Centre Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Payments to the International Development Research Centre	188,019,646	225,390,066	-16.6
Total budgetary		188,019,646	225,390,066	-16.6

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-175.

As Table 15 shows, parliamentary appropriation accounted for approximately 80% of the International Development Research Centre's total revenues in 2013–2014.

**Table 15 – International Development Research Centre Total Revenues and Expenses
2012-2013 and 2013-2014 (\$ millions)**

	2012–2013	2013–2014	
	Actual	Actual	Revised Budget
Revenues			
Parliamentary appropriation	157,455	202,944	202,486
Donor contributions	42,304	58,163	51,390
Investment and other income	1,743	853	758
Total revenues	201,502	261,960	254,634
Expenses			
Development research programming	271,037	236,704	227,513
Corporate and administrative services	22,147	20,809	21,012
Total expenses	293,184	257,513	248,525
Net results of operations	-91,682	4,447	6,109

Source: Table prepared using data from the International Development Research Centre, [Annual Report 2013–2014](#), p. 7.

The Committee learned that to increase the impact of Canada's investments, the International Development Research Centre joins forces with funding partners such as the governments of the United Kingdom, Australia and Norway and leading foundations such as the Bill and Melinda Gates Foundation and private corporations such as Microsoft.

In 2013–2014, the organization was involved with 11 donors through 28 contracts worth \$411.4 million. The organization's contributions, other than parliamentary appropriation, for 2014–2015 are forecasted to be close to \$70 million, or \$12 million more than the previous fiscal year.

In response to a question from the Committee, the officials said that their organization has 80 scientists in a range of fields from agriculture to business to social science.

2.15.3 Canadian International Food Security Research Fund

According to the officials, the Canadian International Food Security Research Fund was launched in 2009 and its annual budget, which comes from the International Development Research Centre and the Department of Foreign Affairs, Trade and Development Canada, is \$124 million. The fund supports partnerships between Canadian and developing country research organizations to improve food security in 20 developing countries. Since its creation, the fund has designed and developed over 130 innovations, including:

- the development of groundbreaking vaccines to reduce livestock loss, which accounts for \$300 million a year in Africa;
- the creation of cooperatives for female Nigerian farmers to help them access value-added opportunities in urban markets; and
- the design of revolutionary technologies to protect soft fruit, like mangoes, in India and Sri Lanka.

2.15.4 Grand Challenges Canada

The officials discussed the Grand Challenges Canada program, which is supported by the Development Innovation Fund and which tests medical technologies with an impact on global health. The program, which was created by a set of University of Toronto health philanthropists in 2010, has already put a number of promising new technologies on the market.

A summative evaluation of the seven-year program is currently underway, and the officials said that they expect to have the results of that evaluation to present by the end of August 2015.

2.15.5 Mining Sector

Following a question from a Committee member, the officials said that their organization has been in contact with the Prospectors and Developers Association of Canada to create a regulatory environment to facilitate the activities of mining companies. However, they did not have any details about this initiative.

The International Development Research Centre is also working to engage women in mining in the African Great Lakes region in collaboration with its Canadian, Ugandan and Congolese partners. Moreover, the organization is working with the Government of Uruguay on a program to help the government develop its iron ore sector with training and internships in Canadian universities and firms.

2.15.6 Fishing Sector

The officials also discussed the work done by the International Development Research Centre in the fishing sector. This work has focused on how small-scale and coastal fishers can increase their income through a mix of capture fisheries and aquaculture. The organization has also supported work to look at how the economics and the business of small-scale fisheries can be better oriented to provide fishers with a viable income.

2.16 National Research Council of Canada

In their testimony before the Committee, the National Research Council officials discussed the mandate, strategic direction and estimates of their organization. They also discussed the Industrial Research Assistance Program performance evaluations, innovation commercialization, the stacking of federal assistance and intellectual property.

2.16.1 Mission and Strategic Direction

According to the officials, the mandate of the National Research Council is to provide clients and partners with innovation support, strategic research and scientific and technical services to bridge the gap between the early stages of research and commercial development of a good or service.

The Committee learned that, in 2013–2014, the National Research Council developed a long-term plan to change its strategic direction and become Canada's research and technology organization. The officials said that research and technology organizations support firms and governments by providing them with innovation services and outcome-driven research and development programs.

The National Research Council works with federal departments to address issues such as sustainable economic and natural resources development, climate change, security and health care, which guide its strategic direction.

2.16.2 Estimates

According to the *2014–15 Main Estimates*, the National Research Council requested \$896.4 million for 2014–2015, an increase of \$76.4 million, or 9.3%, over the *2013–14 Main Estimates*. Table 16 presents its estimates broken down by voted items and statutory items.

Table 16 – National Research Council Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Operating expenditures	374,598,983	331,886,617	12.9
5	Capital expenditures	30,742,000	30,776,000	-0.1
10	Grants and contributions	249,891,385	275,108,580	-9.2
Total voted		655,232,368	637,771,197	2.7
<i>Total statutory</i>		<i>241,200,510</i>	<i>182,238,233</i>	<i>32.4</i>
Total budgetary		896,432,878	820,009,430	9.3

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-211.

The officials explained that the increase is due primarily to the following two items:

- \$59.6 million to change the National Research Council's strategic direction to support business innovation growth in Canada; and
- \$14.5 million for the Canada Accelerator and Incubator Program, announced in the 2013 federal budget.

The Committee was told that a significant part of the National Research Council's budget, roughly \$260 million a year, is used for contributions to small- and medium-sized businesses to support their research under the Industrial Research Assistance Program. Through this program, 240 industrial technology advisors support businesses across the country to help them grow through technological

innovation. Approximately 3,000 businesses receive financial assistance and 7,000 businesses receive other services provided by advisors under the program.

In addition, specific programs aimed at fixing a problem within a particular sector, commercializing a product or service or enhancing Canada's competitiveness are also provided by the National Research Council through funding of around \$250 million a year.

The National Research Council has 3,708 employees. Of those, 20% are research officers, 19% are research council officers and 27% are technical officers who work on the engineering side maintaining facilities and providing technical services. No mention was made of those who make up the remaining 34%.

2.16.3 Industrial Research Assistance Program Performance Evaluation

The officials noted that an evaluation is done at the end of a project funded under the Industrial Research Assistance Program. The economic impact, that is, the sales of those products and services generated through the program, is evaluated afterwards for five years.

According to the most recent evaluation of the Industrial Research Assistance Program, on average there were \$10 in sales for every \$1 contributed to the program.

2.16.4 Innovation Commercialization

In response to a question from a Committee member, the officials discussed the National Research Council's marketing programs. They noted that there are programs geared to the forestry industry through the Industrial Biomaterials Flagship program, which aims to provide value-added products to the market in collaboration with private-sector companies.

The Committee was told that the National Research Council recently signed an agreement with the Canadian Wheat Alliance in Saskatchewan under the Canadian Wheat Improvement flagship program, an 11-year commitment that will invest \$95 million. Over the first five years, Agriculture Canada, the University of Saskatchewan and the National Research Council will each contribute \$5 million to work on genomic research of wheat products.

2.16.5 Stacking of Financial Assistance

Asked about the stacking rules around federal financial assistance, the officials answered that the rules apply not only to federal programs but also to municipal, provincial and territorial programs. The National Research Council has embedded a way to identify the total amount of contributions a company may get in its due diligence process. Moreover, month after month until the end of the project and sometimes even after companies must present a report on additional funds received from other government agencies.

2.16.6 Intellectual Property

The officials explained that intellectual property belongs to the client when the National Research Council provides the client with technical services charged at market price. However, in the case of strategic collaborative research with a client, the National Research Council maintains the rights of the

intellectual property and may provide the client access to the technology under specific terms depending on the type of agreement with the client.

2.17 Marine Atlantic Incorporated

Officials from Marine Atlantic Incorporated spoke about the organization's mandate, estimates and assets. They also discussed the Office of the Auditor General of Canada's 2009 report on Marine Atlantic Incorporated.

2.17.1 Mandate

Created in 1986, Marine Atlantic Incorporated is a parent Crown corporation that replaced Canadian National Marine as the provider of the year-round ferry service between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland and Labrador. This is the only constitutionally mandated ferry service in Canada. The Marine Atlantic Incorporated officials explained that when Newfoundland entered Confederation in 1949 the ferry service between Nova Scotia and the island of Newfoundland was granted special status under the *Newfoundland Act*. The ferry is also part of the Trans-Canada Highway. The Minister of Transport is responsible for Marine Atlantic Incorporated.

Marine Atlantic Incorporated also provides a seasonal ferry service between North Sydney, Nova Scotia, and Argentia, Newfoundland and Labrador. The Crown corporation carries 66% of the freight and 90% of the perishable and time-sensitive goods transported to Newfoundland and Labrador. The Committee learned that Marine Atlantic Incorporated also transports nearly all the dangerous goods sent to that province, including dynamite, medical gas and chemicals for the offshore oil and gas industry.

The officials noted that over the past year Marine Atlantic Incorporated had transported about 323,000 passengers, 115,000 passenger vehicles and just under 100,000 commercial units. They also pointed out that Marine Atlantic Incorporated's capacity utilization is about 70%, which is quite high. However, the Crown corporation is working to increase this figure.

2.17.2 Estimates

The *2014–15 Main Estimates* put Marine Atlantic Incorporated's forecast budgetary expenditures for 2014–2015 at nearly \$127.5 million, \$26.9 million, or 17.4%, less than the expenditures set out in the *2013–14 Main Estimates*. Table 17 displays these estimates.

Table 17 – Marine Atlantic Incorporated, Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Payments to Marine Atlantic Incorporated	127,484,000	154,430,000	-17.4
Total budgetary		127,484,000	154,430,000	-17.4

Source: Table prepared by the authors using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II–187.

In response to a question from a Committee member, the officials said that Marine Atlantic Incorporated did not experience any difficulties following the reduction in its funding for the 2014–2015 fiscal year, as it raised fares and realized savings. These savings were achieved by reducing fuel consumption and labour costs by operating a reduced schedule. Marine Atlantic Incorporated also managed to cut overtime in half by monitoring it closely.

The Committee heard that Marine Atlantic Incorporated's forecast revenue for 2014–2015, excluding its budgetary appropriation, is \$104.1 million, while its forecast expenditures are \$240.2 million.

The officials told the Committee that Marine Atlantic Incorporated expects to earn \$289,000 in foreign exchange gains in 2014–2015. These gains are the result of Marine Atlantic Incorporated's charter vessel arrangement with a company in Europe. Marine Atlantic Incorporated pays the charter rate in euros, and exchange rate variations therefore affect its revenues.

Marine Atlantic Incorporated has 1,350 employees, or about 1,025 full-time equivalents. The officials explained that Marine Atlantic Incorporated hires additional employees during the summer.

2.17.3 Assets

The Committee inquired about Marine Atlantic Incorporated's assets, which are worth about \$200 million and consist of vessel terminals, docks, trucks, buildings and warehouses. The Marine Atlantic Incorporated officials agreed to provide a detailed list of all the Crown corporation's assets. At the time of writing, the Committee had not yet received this information.

2.17.4 Report of the Office of the Auditor General

The Committee learned that in 2009 the Office of the Auditor General of Canada audited Marine Atlantic Incorporated's operations and noted some of the challenges it faced. The Auditor General concluded that Marine Atlantic Incorporated risked failing to fulfil its constitutional mandate because it was having trouble meeting demand, had poor service reliability and low levels of customer satisfaction, and needed to review and overhaul its asset management and maintenance processes.

Marine Atlantic Incorporated responded to this report by developing a revitalization strategy consisting of a number of components, including revenue generation with an emphasis on cost-effectiveness and management and asset renewal. On the asset front, the strategy called for replacing older vessels with higher-capacity new ones. The officials reported that Marine Atlantic Incorporated's board of directors was very actively involved in the revitalization.

The Committee heard that, at the time of the Auditor General's audit, Marine Atlantic Incorporated's on-time performance was 68%. Forecasts indicate that on-time performance will be 92% in 2014–2015. According to the officials, customer satisfaction, as measured by surveys, has also increased significantly in recent years.

Lastly, the Marine Atlantic Incorporated officials reported that the government committed \$521 million in Budget 2010 to support the organization's revitalization plan over a five-year period. Marine Atlantic Incorporated used this funding to improve its infrastructure.

3 FEDERAL BRIDGES

The Committee was interested in federal bridges and therefore held two meetings on the matter, inviting officials from the Federal Bridge Corporation Limited, Jacques Cartier and Champlain Bridges Incorporated, Infrastructure Canada, Transport Canada, Public Works and Government Services Canada, and Fisheries and Oceans Canada. Representatives of two non-government agencies

responsible for the management and operations of international bridges, the Buffalo and Fort Erie Public Bridge Authority and the Niagara Falls Bridge Commission, also appeared before the Committee.

3.1 Federal Bridge Corporation Limited

In their testimony, Federal Bridge Corporation Limited officials discussed their organization's mandate and estimates as well as the recent reorganization of federal Crown corporations. They answered questions from Committee members concerning boards of directors, possible fraud and infrastructure security.

3.1.1 Mandate

The Federal Bridge Corporation Limited is a federal Crown corporation that was established in 1998 following the privatization of the St. Lawrence Seaway. It is governed by a board of directors consisting of a chair and three members and is accountable to Parliament through the Minister of Transport.

Its mandate is to oversee and be accountable for the international bridges under its control, namely Canada's international bridges in Cornwall,⁹ the Thousand Islands¹⁰ and Sault Ste. Marie,¹¹ Ontario, and provide strategic direction to the asset operators under its authority.

3.1.2 Estimates

According to the *2014–15 Main Estimates*, the Federal Bridge Corporation Limited requested \$21.0 million for 2014–2015, an increase of \$8.0 million, or 61.8%, over the *2013–14 Main Estimates*. Table 18 presents a breakdown of the estimates.

Table 18 – Federal Bridge Corporation Limited Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Payments to the Federal Bridge Corporation Limited	21,040,000	13,000,000	61.8
Total budgetary		21,040,000	13,000,000	61.8

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-310.

The Committee learned that the \$21 million requested for 2014–2015 consists of \$15 million for the Cornwall bridge and \$6 million for the Thousand Islands bridge. Given the different funding formula for the Sault Ste. Marie bridge, the estimates for this bridge are included in Transport Canada's estimates.

The Federal Bridge Corporation Limited has some 100 employees. The officials explained that their objective is to reach financial self-sufficiency and that all international crossing operations under their authority rely on toll revenue. Tolls are established in accordance with long-term operating and

⁹ The Cornwall crossing is managed by international agreement as a joint venture between the Federal Bridge Corporation Limited and the St. Lawrence Seaway Development Corporation, a federal U.S. entity.

¹⁰ The Thousand Islands crossing is managed by international agreement between the Federal Bridge Corporation Limited and the Thousand Islands Bridge Authority, an entity of the State of New York that oversees the operation and maintenance of the entire bridge structure.

¹¹ The Sault Ste. Marie crossing is managed by the International Bridge Administration, an entity of the State of Michigan, through an international agreement. The Sault Ste. Marie Authority, a joint international board of directors, oversees the bridge operations.

maintenance costs, economic conditions in the local market, and the terms and conditions set out in the agreements for each bridge. However, there is a toll exception for the Mohawk community, which has the right to transit freely across the Cornwall bridge, thanks to historic agreements signed with the Government of Canada in the late 1950s. For this bridge, then, tolls are charged to only about 40% of bridge users.

According to the officials, while the Federal Bridge Corporation Limited is generally able to cover its annual capital expenditures, it requires federal support for major capital projects such as the building of a new bridge or the rebuilding of a customs plaza or toll booths.

The officials said that currently the organization is delivering major capital projects at three locations and that the sums required for this work are included in the *2014–15 Main Estimates*. The three projects are as follows:

- the new bridge beside the Seaway International Bridge in Cornwall is being entirely funded through parliamentary appropriations totalling \$74.8 million. At the time of their testimony, the officials said that \$50.0 million had already been spent on the project and that the estimated completion date was 2016–2017;
- the entire rehabilitation of Canada’s border facilities at the Thousand Islands bridge is funded by parliamentary appropriations totalling \$60.0 million through the Gateways and Border Crossings Fund. At the time of their testimony, the officials said that \$300,000 had already been spent on the project and that the estimated completion date was 2017–2018; and
- the construction of customs facilities and the Sault Ste. Marie bridge plaza, at the cost of \$51.0 million, funded by the Gateways and Border Crossings Fund through a contribution agreement with Transport Canada. At the time of their testimony, the officials said that \$10.0 million had already been spent on the project and that the estimated completion date was 2017–2018.

3.1.3 Reorganization of Federal Crown Corporations

The Committee learned that in 2008 the Office of the Auditor General had identified the complex organizational structure of the Federal Bridge Corporation Limited as a problem. This observation was shared by Transport Canada and resulted in a reorganization of federal Crown corporations.

In 2013–2014, the Federal Bridge Corporation Limited was targeted for a reorganization plan of federal Crown corporations. The plan, composed of three phases, aims to simplify its governance and focus its mandate solely on international bridges. The first phase, which was completed in February 2014, included the creation of a new parent Crown corporation that owns and operates the federal domestic bridges in Montreal. During this phase, the Federal Bridge Corporation Limited transferred its interests in the domestic bridges in Montreal and its share of Jacques Cartier and Champlain Bridges Incorporated to Transport Canada.

In the second phase, the Federal Bridge Corporation Limited will be amalgamated with its subsidiaries in Cornwall and in Sault Ste. Marie. In doing so, the Federal Bridge Corporation Limited will take over the maintenance and operation activities previously provided by its subsidiaries.

In the third phase, the Federal Bridge Corporation Limited will amalgamate with the Blue Water Bridge Authority in Sarnia, Ontario. The officials said that the reorganization is scheduled for completion before

the end of 2014 and that, at that time, their organization's board of directors would increase from four to seven members appointed by the Governor in Council.

3.1.4 Boards of Directors

In response to a question from a Committee member, the officials said that the chair of the board of directors of the Seaway International Bridge Corporation in Cornwall, a Canadian subsidiary of the Federal Bridge Corporation Limited, is elected by the board members and has always been a Canadian.

For the Sault Ste. Marie crossing, the chair of the St. Mary's River Bridge Company, a subsidiary of the Federal Bridge Corporation Limited, is Canadian. However, there are four members on the board of the joint authority, and the current chair is American.

Lastly, three of the seven members on the board of directors of the Thousand Islands crossing are Canadian, and the current chair is American. However, the officials made clear that, for this bridge, bureaucrats are appointed to represent Canada on the bridge's board of directors. These appointments are made by the Federal Bridge Corporation Limited's board of directors and have been since its creation. The decision to appoint bureaucrats results from the desire of the Federal Bridge Corporation Limited's board of directors to have people involved in the daily bridge operations to be there.

In their testimony, the officials told the Committee that they would share the Committee's concerns about having local representation on the bridge's board of directors with their organization's board of directors.

3.1.5 Possible Fraud

Asked by Committee members, the officials explained that an investigation involving a former president and Chief Executive Officer of the Federal Bridge Corporation Limited and Jacques Cartier and Champlain Bridges Incorporated was recently carried out regarding allegations of fraud. According to the officials, funding for a project in Montreal had been given directly to Jacques Cartier and Champlain Bridges Incorporated. Again according to the witnesses, the investigation work, which was carried out under the direction of their organization's board of directors, has been completed and a report was submitted to the Deputy Minister of Transport. No evidence related to the case was found at the Federal Bridge Corporation Limited.

3.1.6 Infrastructure Security

The Committee learned that bridge security is a joint effort. Transport Canada performs threat and risk assessments on all its bridges, including those under the authority of the Federal Bridge Corporation Limited. The Federal Bridge Corporation Limited is informed so that it can take corrective action, if need be. The Federal Bridge Corporation Limited also works with the Canada Border Services Agency on security matters.

3.2 Jacques Cartier and Champlain Bridges Incorporated

In their testimony before the Committee, the officials from Jacques Cartier and Champlain Bridges Incorporated discussed their organization's history, responsibilities and estimates. They also discussed the existing Champlain Bridge and infrastructure safety.

3.2.1 History and Responsibilities

On 13 February 2014, Jacques Cartier and Champlain Bridges Incorporated became “a Crown corporation reporting directly to Infrastructure Canada.”¹² The Corporation is now accountable to Parliament through the Minister of Infrastructure.

It was a subsidiary of the St. Lawrence Seaway Authority from its incorporation in 1978 until 1998 and then was a subsidiary of the Federal Bridge Corporation Limited from 1998 to February 2014.

Jacques Cartier and Champlain Bridges Incorporated is responsible for the operations, inspections, maintenance, repairs, safety, coordinating with local and provincial stakeholders and managing the following infrastructure sites, all in the Montreal area:

- the Jacques-Cartier Bridge;
- the existing Champlain Bridge (construction of the new Champlain bridge is the responsibility of Infrastructure Canada);
- the federal section of the Honoré-Mercier Bridge;
- the Clément Bridge;
- the Nuns’ Island Bridge;
- the new Nuns’ Island Bypass Bridge;
- the federal section of Highway 15;
- the federal section of the Bonaventure Expressway;
- the Melocheville Tunnel; and
- the Champlain Bridge’s Ice Bridge.

The Corporation’s main activities are divided into two sectors: engineering and construction, and operations and maintenance. The engineering and construction services manage the activities connected with major projects for the construction, rehabilitation and repair of civil and road engineering elements such as girders, decks, steel structures, foundations, paving and painting. The operations and maintenance services manage contracts for snow removal and sand/gravel services, road cleaning and maintenance, landscaping, guard rail replacement, filling potholes in the pavement and bridge decks, maintenance and operation of lane signal control systems and surveillance cameras, power distribution and road lighting.

3.2.2 Estimates

According to the *2014–15 Main Estimates*, Jacques Cartier and Champlain Bridges Incorporated requested \$146.2 million for 2014–2015, a decrease of \$57.4 million, or 28.2%, from the *2013–14 Main Estimates*. Table 19 presents a breakdown of the estimates.

¹² Jacques Cartier and Champlain Bridges Incorporated, [History and awards](#).

Table 19 – Jacques Cartier and Champlain Bridges Incorporated Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014–2015	2013–2014	Difference (%)
1	Payments to Jacques Cartier and Champlain Bridges Incorporated	146,168,159	203,590,000	-28.2
Total budgetary		146,168,159	203,590,000	-28.2

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-312.

Jacques Cartier and Champlain Bridges Incorporated's estimates are divided as follows:

- \$60.9 million for operating expenditures; and
- \$5.3 million for capital expenditures.¹³

The officials discussed the Corporation's current major projects, including the construction of the Nuns' Island Bypass Bridge, the major rehabilitation of the Champlain Bridge, the replacement of the federal section of the Honoré-Mercier Bridge deck and the containment and treatment of groundwater in the Bonaventure Expressway sector. According to the officials, this work accounts for \$120.8 million out of the \$146.2 million in the 2014–2015 estimates.

Parliamentary appropriations are the main source of funding for Jacques Cartier and Champlain Bridges Incorporated, although it also has other minor sources of funds such as leases, permits and billboards.

3.2.3 Champlain Bridge

The Committee was interested in the state of the Champlain Bridge. The officials explained that one of the major problems with the Champlain Bridge is its structure, which is not flexible like that of other bridges like the Jacques-Cartier and Victoria bridges. The Champlain Bridge was based on a new design from France that aimed to lighten the bridge's structure. The bridge is a concrete structure with no deck, unlike other bridges. Rather than moving over a concrete deck that rests on girders, traffic moves directly on top of the girder. It is therefore impossible to replace any of the components of the bridge without having to shut down bridge traffic for several months, which would lead to serious traffic problems. As well, a great deal of road salt was used on the bridge and, over time, the salt has corroded the bridge's structure and some of its components need to be replaced.

The Committee learned that Jacques Cartier and Champlain Bridges Incorporated had asked an independent firm to examine all the possibilities with a view to keeping the Champlain Bridge's existing structure. The resulting 2011 report not only raised the need to shut the bridge down completely to replace its structural components, but also identified enormous engineering challenges.

3.2.4 Infrastructure Safety

The Committee learned that Jacques Cartier and Champlain Bridges Incorporated has implemented monitoring programs and orders detailed reports and additional investigations to make sure its infrastructure is always safe. Appropriate decisions can therefore be made using this information regarding both the short- and long-term maintenance and rehabilitation of its infrastructure.

¹³ Treasury Board of Canada Secretariat, [2014–15 Estimates: Budgetary Expenditures by Strategic Outcome and Program](#), p. 59.

3.3 Infrastructure Canada

The Committee invited officials from Infrastructure Canada to find out more about the new Champlain bridge. The officials discussed the procurement process for the bridge's construction, the construction cost and tolls, and ownership of the new bridge.

3.3.1 The New Champlain Bridge

The Infrastructure Canada officials restated the federal government's commitment to replace the Champlain Bridge. The bridge, which will have a 125-year design life, will be in service by 2018, while the other sections of the corridor project will be completed by 2020. The Committee learned that all the necessary funding for the preparation and supply of the new bridge, or nearly \$165 million, was obtained through the 2014 federal budget.

Responsibility for the new Champlain bridge project was initially given to Transport Canada, but then transferred to Infrastructure Canada. The project includes a new bridge over the St. Lawrence, a new Nuns' Island bridge, and a reconstructed and widened federal section of Highway 15. The officials said that the project will be carried out as a public-private partnership.

On 27 June 2014, the architectural design of the new Champlain bridge was unveiled. It will have six lanes for vehicles, a central corridor for public transit, and a multi-use path for pedestrians and cyclists.

3.3.1.1 Procurement Process

On 17 March 2014, the procurement process for the construction of the new Champlain bridge was officially launched. Six multinational consortia responded to the request for qualifications. Following the evaluation process, three respondents were selected and on 21 July 2014 were informed they qualified for the next phase.

The next step in the process is for the consortia to submit technical and financial proposals, including a fixed price and a fixed schedule for building the new bridge. The contract will be awarded to the consortium that meets the technical requirements at the lowest cost. The Committee was told that the winning proponent should be announced in the spring of 2015 and that construction would begin soon after.

The officials noted that their department is working closely with its partners, Quebec's Department of Transport, the Agence métropolitaine de transport du Québec, the City of Montreal, the City of Brossard and Jacques Cartier and Champlain Bridges Incorporated.

3.3.1.2 Construction Cost and Tolls

In response to a question from a Committee member, the officials said that the total construction cost for the new Champlain bridge was estimated to be between \$3 billion and \$5 billion, but the final cost will not be known until after the bids are received.

Continuing their testimony, the officials said that the federal government had announced there would be a toll on the new Champlain bridge, but that the toll had not yet been decided on. The toll will help offset

some of the new bridge's construction and operating costs. According to the officials, setting the toll requires an analysis of traffic and tolls in the area.

3.3.1.3 Bridge Ownership

The officials answered a Committee member's question by saying that the new bridge would be owned by the federal government, but that it would have some interest in transferring the bridge to the Government of Quebec at the proper time.

3.4 Transport Canada

In their testimony before the Committee, the Transport Canada officials discussed bridge management, federal funding and the Detroit River International Crossing.

3.4.1 Bridge Management

The bridges in Transport Canada's portfolio are not owned by the department. According to the officials, they are owned, operated and maintained by various arm's-length organizations that are mandated to provide a safe, efficient and environmentally responsible transportation link.

The officials explained to the Committee that the federal government owns hundreds of bridges that are owned by various departments and Crown corporations for their operational requirements. Constitutionally, international bridges and tunnels fall within federal jurisdiction, while intraprovincial structures fall within provincial jurisdiction. Over the years, however, the governance of bridges has evolved as a result of historical events. Today, some bridges are owned by private entities, like the Ambassador Bridge, which connects Windsor, Ontario, and Detroit, Michigan, or are under the responsibility of provinces, like the Rainbow Bridge in Niagara Falls, which is managed by the Province of Ontario through the Niagara Falls Bridge Commission.

According to the officials, the *International Bridges and Tunnels Act* was created in 2007 to reinforce the federal government's constitutional jurisdiction over international bridges and tunnels. It states that international bridges and tunnels are works for the advantage of Canada.

The Committee learned that this legislation provides bridge owners with a framework in which they can ensure the safe and efficient flow of people and goods. The Act provides for the federal government to apply policies and rules to all international bridges and tunnels, irrespective of ownership, and stipulates that any construction, alteration or change in ownership, operator or control of an international bridge requires government approval.

The 2007 act also provides that safety inspections must be done on all international bridges and tunnels and that the owners must report the results of these inspections to Transport Canada.

3.4.2 Federal Funding

The Transport Canada officials said that none of the bridge authorities receive parliamentary appropriations from the federal government to cover operating costs. The corporations must therefore cover costs by charging tolls or generating revenue through leases, such as those for duty-free shops. However, the federal government does provide funding for capital improvements through infrastructure programs in support of the Beyond the Border initiative.

3.4.3 Detroit River International Crossing

The Committee was told about the allocation of some \$470 million over two years by the federal government to build the Detroit River International Crossing, made up of the Canada customs gateway, the bridge, the United States customs gateway, and an interchange for Highway 75 in Michigan. The project will be a private-public partnership and the final design of the bridge will be developed by the consortium chosen by this partnership.

The Windsor-Detroit Bridge Authority is a Crown corporation, which was established in 2012 but only became operational in August 2014, created to deliver the project on behalf of Canada. It is responsible for the provision of services for the construction, operation and maintenance of the bridge.

The officials said that an international committee, known as the “international authority” was created to supervise the Crown corporation. The international authority consists of three Canadian members and three American members from Michigan.

In response to a question from a Committee member, the officials said that discussions are ongoing with the U.S. government to find a funding solution for the American gateway and the customs post on the American side.

According to the officials, the project also includes a process to support relations with the communities. The first phase, an environmental assessment, concluded in 2009 after more than a hundred meetings on both sides of the border over many years. The second phase, which is about to begin and which will be led by the Windsor-Detroit Bridge Authority, will make sure locals are aware of the project and inform them about where the bridge will be and what it will entail through community involvement. Lastly, the third phase will begin once there is a proponent. The proponent will take on a lot of the community relations.

3.5 Public Works and Government Services Canada

In their testimony before the Committee, the Public Works and Government Services Canada officials discussed bridges under the governance of their department, the services it provides, bridge funding and maintenance, and bridge transfers.

3.5.1 Bridge Portfolio

The officials said that 30 years ago their department’s portfolio included 35 major engineering works, such as bridges and dams. In 1985, however, the Nielsen Task Force reviewed federal programs and recommended that federal departments divest themselves of land, marine and transportation assets no longer required for program purposes. This policy direction remains in place at Public Works and Government Services Canada today.

The Committee learned that, since 1990, the department has divested itself of 16 major engineering projects. Of the 19 that remain, 11 are bridges or have bridge structures associated with them, for example the Chaudières Crossing, the Alexandra Bridge and the Macdonald-Cartier Bridge, which connect Ottawa and Gatineau, and the J.C. Van Horne Bridge connecting Quebec and New Brunswick.

In response to a question from a Committee member, the officials said that the department has 76 bridges, 56 of which are on the Alaska Highway. Public Works and Government Services Canada has almost 70 staff who operate and maintain the bridges under the department's responsibility.

3.5.2 Services

The officials explained that their department provides, on a fee-for-service-basis, acquisition and technical services to federal departments and agencies involved in the construction and maintenance of infrastructure projects. They gave the example of Infrastructure Canada, which received help with environmental studies, real estate services work, acquiring land and looking at expropriation in relation to the construction of the new Champlain bridge.

3.5.3 Bridge Funding and Maintenance

The Committee was told that the 2008 federal budget stated that the health and safety risks associated with Public Works and Government Services Canada's 19 engineering assets had to be mitigated. The first phase of a stewardship and divestiture plan involved studies, inspections and reports to assess the conditions of the assets as well as a program to rehabilitate some of the assets to address risks.

The second phase of the plan was launched in 2011 and should be completed in 2016–2017. Since 2008, the department has spent approximately \$228 million in capital on its bridges and will have spent \$366 million by the end of the second phase.

3.5.4 Bridge Transfers

The officials explained that ownership and responsibility for public works such as bridges usually rest with provinces and municipalities. As part of the department's divestiture strategy, all avenues that could lead to divestiture to more appropriate jurisdictions, such as other federal departments, provinces, municipalities and even the private sector, are explored.

To date, the department has divested itself of nine bridges, including five international bridges that were transferred to the Province of New Brunswick in 1990. The other bridges are the Mackenzie King and Laurier bridges that went to the Regional Municipality of Ottawa-Carleton in 1996, the Plaza Bridge that went to the Regional Municipality of Ottawa-Carleton in 1998 and the Perley Bridge that went to the provinces of Quebec and Ontario in 1999. The department also transferred a section of the Alaska Highway, the part that is in the Yukon and has 26 bridges, to that territory in 1992.

3.6 Fisheries and Oceans Canada

In their testimony before the Committee, Fisheries and Oceans Canada officials said that their department is the custodian of 35 individual bridges at 27 unique locations. The bridges represent less than one percent of the department's real property portfolio, which is about \$5.7 billion. These are minor bridges, and many of them are not vehicular bridges but footbridges used by staff to access various operational sites, such as lighthouses and hatcheries.

3.7 Buffalo and Fort Erie Public Bridge Authority

The Buffalo and Fort Erie Public Bridge Authority representatives discussed the mandate, revenues and expenses of their organization during their testimony before the Committee. They also spoke about a

capital plan, federal grants it has received, inspections and maintenance of the Peace Bridge, a recent U.S. bill and tolls.

3.7.1 Mandate

The Buffalo and Fort Erie Public Bridge Authority is a binational entity that has owned and operated the Peace Bridge since 1933.¹⁴ The Committee learned that this bridge is a very busy international crossing, with approximately \$4.8 million cars and 1.2 million trucks carrying an estimated \$40 billion in trade annually.

The Buffalo and Fort Erie Public Bridge Authority came into being following the economic crisis in 1929, when the private company that built the Peace Bridge fell into financial difficulty. It is the product of an agreement between Canada and the State of New York, and is governed by a 10-member board of directors, including five Canadian members appointed by the Governor in Council. In accordance with its enabling legislation, the chair, who is elected by the board of directors, alternates between a Canadian one year and an American the next. The organization has 65 full-time employees from Canada and the United States.

The Buffalo and Fort Erie Public Bridge Authority operates the Peace Bridge as well as the customs plaza at both ends of the bridge where the offices of the Canada Border Services Agency and the U.S. Customs and Border Protection are located.

3.7.2 Revenues and Expenses

The representatives told the Committee that the Buffalo and Fort Erie Public Bridge Authority is self-funded and receives no subsidies or appropriations from the U.S. or Canadian governments.

Table 20 shows the revenues and expenses of the Buffalo and Fort Erie Public Bridge Authority for calendar years 2011 to 2013. The organization's main source of revenue is from tolls and leases. The organization's annual revenues are roughly \$33 million and their annual expenses are around \$22 million. Surpluses are placed in capital reserves to fund the organization's capital plan.

¹⁴ The Peace Bridge, which opened to traffic in 1927, is 1.1 km long and connects Fort Erie, Ontario, to Buffalo, New York.

**Table 20 –Buffalo and Fort Erie
Public Bridge Authority Operating Revenues and Expenses, Calendar Years 2011 to 2013
(US\$ thousands)**

	2013	2012	2011
Operating revenues			
Toll revenues	22,390	22,491	22,341
Other revenues	10,627	11,003	10,724
Total operating revenues	33,017	33,494	33,065
Operating expenses			
Toll collection and traffic control	3,491	3,656	3,695
Maintenance of bridge and facilities	6,153	4,996	5,022
Administration	2,731	2,849	2,707
Contributions to pension plans	1,391	1,363	1,605
Other post-employment benefits	1,791	1,768	1,799
Other expenses	1,155	1,087	1,104
Depreciation	5,338	5,455	5,628
Total operating expenses	22,050	21,174	21,560
Operating income	10,967	12,320	11,505

Source: Table prepared using data from the Buffalo and Fort Erie Public Bridge Authority, [2013 Annual Report](#), p. 9.

According to the organization's representatives, tolls are collected only on entering Canada, and are the lowest of all border crossings between Canada and the United States.

The representatives also said that their organization has a reserve of \$100 million. The organization goes to the U.S. bond market because the bonds have tax-exempt status, and it currently has \$28 million in outstanding bonds. In the long term, the Buffalo and Fort Erie Public Bridge Authority plans to go back in 2018 for \$30 million.

3.7.3 Capital Plan

The representatives said that their organization's board approved a \$168 million six-year capital plan. The plan includes \$72 million to re-deck the bridge beginning in the fall of 2015, \$10 million to widen the approach on the U.S. side of the bridge, and \$24 million to expand the U.S. customs building.

3.7.4 Canadian Federal Grants

The Committee was told about capital grants the Buffalo and Fort Erie Public Bridge Authority received from the Canadian federal government. In 2004 it received \$21 million under the Border Infrastructure Fund to reconfigure the plazas in response to new requirements following the terrorist attacks of 11 September 2001. In 2010, the organization received \$900,000 under the Gateways and Border Crossings Fund to build a new commercial inspection lane in the truck booth. The representatives said that their organization spent over \$1 million last year to build a two-booth pre-inspection facility to support the pre-inspection pilot program under the Beyond the Border Action Plan.

3.7.5 Inspections and Maintenance

The representatives said the Peace Bridge is independently inspected every year and that the latest engineering report found that the structural condition was satisfactory. The report also concluded that, with continuing preventive maintenance, the bridge will continue to be capable of safely carrying loads for many years. According to the representatives, the report's positive conclusions are due in large part to good maintenance practices used over the bridge's history.

In response to a question from a Committee member, the representatives said that the Peace Bridge's annual maintenance costs of roughly \$3 million are relatively high for the structure's length. However, they said that by investing in its maintenance the organization is able to reduce its capital expenses. Though the bridge still has its original deck, it is soon to be replaced under a \$72 million capital plan.

3.7.6 U.S. bill

The Committee was told that in 2013 the New York State legislature introduced a bill to dissolve the Buffalo and Fort Erie Public Bridge Authority. The bill was passed by the New York State Assembly and passed unanimously by the Senate. However, the Committee learned that Canada, represented by the Canadian Ambassador to the United States, and the State of New York, represented by its Governor, reached an agreement under which the two countries and the bridge's board of directors will maintain the development and governance of the Peace Bridge. As a result, the Governor of New York State vetoed the legislation.

3.7.7 Tolls

The organization's representatives said that the Buffalo and Fort Erie Public Bridge Authority is committed to providing a high level of service to customers at a reasonable cost. That means keeping the tolls reasonable. In establishing the tolls, the representatives said that they take the economics of the local markets that are the predominant users of the Peace Bridge into account, while looking at the organization's revenues, debt servicing and debt coverage.

3.8 Niagara Falls Bridge Commission

The Niagara Falls Bridge Commission representatives presented their organization's mandate, revenues and expenses in their testimony before the Committee. They also discussed the elements contributing to their organization's success, bridge inspections and maintenance, and tolls.

3.8.1 Mandate

The Niagara Falls Bridge Commission was first created in 1938 to finance, build and operate the Rainbow bridge.¹⁵ It subsequently assumed responsibilities for the Whirlpool Rapids Bridge¹⁶ and the

¹⁵ The Rainbow Bridge connects Niagara Falls, Ontario, and Niagara Falls, New York. It opened to traffic in 1941. It is restricted to passenger vehicles, buses, bicycles and pedestrians. Commercial trucks are not permitted to cross the bridge.

¹⁶ The Whirlpool Rapids Bridge connects Niagara Falls, Ontario, and Niagara Falls, New York. It opened to traffic in 1897. Its upper deck is used for rail transportation. The bridge is restricted to NEXUS traffic only. NEXUS is designed to expedite the border clearance process for low-risk, pre-approved travellers into Canada and the United States.

Lewiston-Queenston Bridge.¹⁷ Its mandate is to facilitate trade and the movement of goods and people in a safe and efficient manner.

It is managed by an eight-member board of commissioners, four from Canada and four from the United States. The Canadian members are appointed by the Premier of Ontario, and the American members are appointed by the Governor of New York State. The chair is chosen from among the eight commissioners and alternates annually between a Canadian and an American.

3.8.2 Revenues and Expenses

Table 21 shows the revenues and expenses of the Niagara Falls Bridge Commission as of 31 October 2012 and 31 October 2013. The organization is self-funded and its main source of revenue is from tolls and leases.

Table 21 – Niagara Falls Bridge Commission Revenues and Expenses, for the years ended 31 October 2012 and 31 October 2013 (\$)

	2013	2012
Revenues		
Toll income	17,844,607	18,677,759
Rental income	12,702,681	12,482,098
Conditional facilities contribution	4,063,562	8,156,545
Investment income	2,371,024	3,209,804
Construction reimbursement	0	597,241
Miscellaneous	2,638,222	75,354
Total revenues	39,620,096	43,198,801
Expenses		
Administration and overhead	5,709,084	5,376,948
Maintenance	4,977,522	4,664,469
Toll	2,638,150	2,617,387
Management information systems	837,956	820,046
Security	772,861	740,671
Postretirement	1,735,689	1,188,464
Depreciation	7,763,914	7,472,557
Interest on indebtedness	1,922,728	2,227,512
Amortization of bond financing expenses	231,349	241,020
Loss on disposal of bridge-related assets	0	381,171
Total expenses	26,589,253	25,730,245
Operating income	13,030,843	17,468,556

Source: Table prepared using data from the Niagara Falls Bridge Commission, [Financial Statements and Additional Information for the Years Ended October 31, 2013 and 2012 with Independent Auditors' Report](#), p. 4.

¹⁷ The Lewiston-Queenston Bridge connects Interstate 190 in Lewiston, New York, and Highway 405 in Queenston, Ontario. It opened to traffic in 1962 and is the organization's only bridge that accommodates commercial truck traffic.

The Committee learned that the organization has \$70 million in reserves. The Niagara Falls Bridge Commission is authorized to issue tax-exempt U.S. bonds, and its total outstanding debt is between \$80 million and \$90 million.

3.8.3 Elements Contributing to the Organization's Success

In response to a question from a Committee member, the representatives discussed the three keys to their organization's success. The first is focusing on the organization's mission to facilitate moving traffic safely across its three bridges cost-effectively. The second is ensuring that the bridges are extremely well maintained. The third is having employees and a governance structure that are dedicated to achieving its mission.

3.8.4 Inspections and Maintenance

In response to a question from a Committee member, the representatives said that its bridges are inspected annually by an international inspection company. They added that their organization quickly addresses recommendations resulting from these inspections and that maintenance is the key to maintaining this type of infrastructure.

The Committee learned that the Niagara Falls Bridge Commission invested \$25 million in maintenance on the Whirlpool Rapids Bridge three years ago to revitalize and repaint it. The representatives said that it is cheaper to maintain bridges than to replace them. On average, the organization spends between \$5 million and \$10 million a year on capital projects related to its bridges.

3.8.5 Tolls

The representatives explained that they prepare every year a comprehensive business plan for their board's consideration. The plan contains projections for the upcoming years and gives the board guidance on setting tolls that generate an annual surplus.

4 FEDERAL ECONOMIC DEVELOPMENT AGENCIES

During its study of the *2014–15 Main Estimates*, the Committee welcomed officials from various federal economic development agencies: the Atlantic Canada Opportunities Agency, Western Economic Diversification Canada, the Economic Development Agency for the Regions of Quebec, the Federal Economic Development Agency for Southern Ontario and the Canadian Northern Economic Development Agency. While the Committee did not have a chance to hear from representatives of the Federal Economic Development Initiative for Northern Ontario, which is part of Industry Canada's portfolio, it hopes to invite them to appear for a future study.

4.1 Atlantic Canada Opportunities Agency

During their appearance before the Committee, officials from the Atlantic Canada Opportunities Agency discussed the agency's key activities, challenges and estimates. They also spoke about the impact of the agency's investments on Atlantic Canada and the National Shipbuilding Procurement Strategy.

4.1.1 Key Activities and Challenges

The Atlantic Canada Opportunities Agency was created in 1987 to help Atlantic Canada achieve its full potential with respect to productivity, innovation, competitiveness and growth.

The officials stated that their organization manages activities in four main areas: business development; community development; policy, advocacy and coordination; and internal services.

They said that the agency supports small- and medium-sized businesses through a number of initiatives, including the Business Development Program, the Atlantic Innovation Fund and the Innovative Communities Fund. These initiatives enable small- and medium-sized businesses to acquire new technologies and develop their business skills so that they can take advantage of opportunities stemming from major projects such as the National Shipbuilding Procurement Strategy.

The agency also promotes the commercialization of research and development performed in Atlantic Canada to help companies strengthen their international business capabilities and increase their exports. The agency officials stated that this work is particularly important given the business opportunities that will be afforded by the Canada-European Union Comprehensive Economic and Trade Agreement.

The officials added that the agency works with community leaders and economic development agencies to identify and foster opportunities for economic growth locally, especially in rural areas. They reported that their organization also works with federal and provincial partners and stakeholders on important issues such as energy, resources, knowledge-based industries, ocean technologies and bioscience in order to address the region's economic priorities and develop a coherent economic development approach.

Finally, in response to a question from a Committee member, the agency officials explained that the main challenge in their region is its rural nature, which results in the agency's clientele being primarily small- and medium-sized businesses.

4.1.2 Estimates

The *2014–15 Main Estimates* show planned expenditures for the Atlantic Canada Opportunities Agency in 2014–2015 of \$288.5 million, a decrease of \$11.5 million, or 3.8%, over the expenditures provided in the *2013–14 Main Estimates*. Table 22 shows these estimates broken down into voted appropriations and statutory items.

Table 22 – Atlantic Canada Opportunities Agency, Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	63,873,388	67,211,348	-5.0
5	Grants and contributions	216,270,293	225,820,293	-4.2
Total voted		280,143,681	293,031,641	-4.4
<i>Total statutory</i>		<i>8,342,703</i>	<i>6,939,430</i>	<i>20.2</i>
Total budgetary		288,486,384	299,971,071	-3.8

Source: Table prepared by the authors using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II–6.

While the budget reductions affected both the agency's programs and its operations, the Committee learned that the agency conducted an internal review to determine ways of streamlining operations and

reducing operating costs. It was therefore able to make cutbacks while preserving funding levels for its programs.

The agency's officials pointed out that operating expenditures make up a higher percentage of the organization's total budget compared with other regional development agencies because the area served is largely rural. For example, the agency has numerous points of service owing to the nature of its programs, which results in higher operating costs.

The agency has about 560 employees, having reduced its workforce by 24% over the past few years.

4.1.3 Impact of Investments

The Committee learned that between 2008 and 2013 every dollar the agency invested in businesses contributed more than \$5.40 to Atlantic Canada's gross domestic product. In all, the officials said, these investments increased the region's gross domestic product by \$1 billion.

4.1.4 National Shipbuilding Procurement Strategy

Responding to a question from the Committee, the officials explained that the agency has developed the Atlantic Shipbuilding Action Plan and is helping small- and medium-sized businesses take advantage of the opportunities presented by the National Shipbuilding Procurement Strategy. To date, the agency's information sessions have helped 2,000 representatives of the business community from urban and rural areas enhance their understanding of the procurement process and establish contacts among key domestic and international stakeholders.

4.2 Enterprise Cape Breton Corporation

Officials from the Atlantic Canada Economic Opportunities Agency and the Public Works and Government Services Canada discussed the dissolution of the former Enterprise Cape Breton Corporation and its estimates.

4.2.1 Dissolution

Pursuant to *Economic Action Plan 2014 Act, No. 1*, Enterprise Cape Breton Corporation, a Crown corporation established in 1987 to promote and assist the financing and development of Cape Breton Island and the Mulgrave area of Nova Scotia, was dissolved on 19 June 2014. In addition to delivering its own programs, the corporation was responsible for delivering the agency's programs in Cape Breton. It had also assumed the responsibilities of the former Cape Breton Development Corporation, including the latter's employee pensions and benefits.

Enterprise Cape Breton Corporation's activities were transferred to the Atlantic Canada Economic Opportunities Agency and to Public Works and Government Services Canada. The agency's officials stated that their organization is now responsible for the corporation's economic and community development activities. Public Works and Government Services Canada's officials explained that their department took on the corporation's responsibility for managing:

- lands environmentally affected by coal mining activities, which the officials said will need to be managed for at least 50 years;
-

- the benefits of former miners; and
- a real property portfolio that includes over 800 properties covering some 12,500 acres, as well as resource lands, residential and commercial lands, and office facilities.

The Committee heard that the Public Works and Government Services Canada has environmental management expertise and experience and can therefore deal with waste rock, mine water discharge, soil contamination and other environmental impacts from the mining activities that took place for over 200 years at more than 50 sites in Cape Breton.

According to the department's officials, Public Works and Government Services Canada worked with the corporation to implement the Former Mine Site Closure Program after the corporation's mining activities ceased in 2001. The officials said that the former mines are now remediated and that long-term monitoring and maintenance plans and six water treatment facilities are in place.

The delivery of the benefit programs for the corporation's former employees – now Public Works and Government Services Canada's responsibility – involves the following components in the 2014–2015 fiscal year:

- 350 participants in the Early Retirement Incentive Program;
- 295 people receiving medical benefits;
- 765 people receiving life insurance coverage;
- 1,730 people with active workers' compensation claims; and
- 300 people benefitting from the Coal Subsidization Program (the coal is purchased from Nova Scotia Power).

The officials noted that the cost of delivering these programs should decrease in the years ahead and become very small in 20 years as the former employees reach 65 years of age or the end of their lives.

4.2.2 Estimates

According to the *2014–15 Main Estimates*, Enterprise Cape Breton Corporation's forecast expenditures in 2014–2015 are \$49.5 million, \$2.2 million, or 4.3%, less than its budgetary expenditures in the *2013–14 Main Estimates*. Table 23 presents these estimates.

Table 23 – Enterprise Cape Breton Corporation, Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Payments to the Enterprise Cape Breton Corporation	49,536,000	51,763,000	-4.3
Total budgetary		49,536,000	51,763,000	-4.3

Source: Table prepared by the authors using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II–123.

Following a question from a Committee member, the agency officials explained that \$5.6 million related to the transfer of certain Enterprise Cape Breton Corporation activities were given directly to the agency without being included in a supplementary estimates. In addition, Public Works and Government Services Canada received a direct transfer of \$31.5 million for the corporation's activities that were handed over to it. The amounts transferred to the Atlantic Canada Economic Opportunities Agency and

Public Works and Government Services Canada were not included in a supplementary estimates because Parliament had already approved them in the *2014–15 Main Estimates*.

Sixteen of the corporation's employees were transferred to Public Works and Government Services Canada, while 31 were transferred to the Atlantic Canada Economic Opportunities Agency.

4.3 Western Economic Diversification Canada

In their testimony before the Committee, Western Economic Diversification Canada officials discussed their organization's mandate, its estimates, the delivery of regional programs on behalf of the federal government, and funding distribution and project selection.

4.3.1 Mandate

Questioned by the Committee, the officials said that Western Economic Diversification Canada's mandate is to promote the development and diversification of Canada's four western provinces and advance the interests of the West in national economic policy, program and project development and implementation. The organization also offers national programs in Canada's four western provinces on behalf of the federal government.

4.3.2 Estimates

According to the *2014–15 Main Estimates*, Western Economic Diversification Canada requested \$158.9 million for 2014–2015, a decrease of roughly \$19.8 million, or 11.1%, from the *2013–14 Main Estimates*. Table 24 presents its estimates broken down by voted items and statutory items.

Table 24 – Western Economic Diversification Canada Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	36,928,959	40,398,398	-8.6
5	Grants and contributions	117,863,000	133,411,000	-11.7
Total voted		154,791,959	173,809,398	-10.9
<i>Total statutory</i>		<i>4,115,993</i>	<i>4,891,451</i>	<i>-15.9</i>
Total budgetary		158,907,952	178,700,849	-11.1

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-333.

Questioned by Committee members, the officials said that the net decrease in projected spending was mainly due to the termination of the funding provided in the Community Infrastructure Improvement Fund (\$27.4 million) and savings resulting from the spending review launched in the 2012 federal budget (\$7 million).

According to the officials, the Community Infrastructure Improvement Fund was introduced in 2012 for two years and ended on 31 March 2014, as expected.

4.3.3 Delivery of Regional Programs on Behalf of the Federal Government

Answering questions from Committee members, Western Economic Diversification Canada officials said that their organization, like other regional development agencies, is considered by the federal government to be an effective agent for delivering tailored national programs.

For example, the officials said that their organization had successfully delivered the Community Adjustment Fund and the Recreational Infrastructure Canada program as part of Canada's Economic Action Plan. They added that Western Economic Diversification Canada recently delivered over 700 projects under the Community Infrastructure Improvement Fund that was included in the 2012 federal budget.

Lastly, the officials said that their organization is continually assessing ways to deliver more effective and efficient programs and services and address the specific needs of the West as they evolve.

4.3.4 Funding Distribution and Project Selection

The officials explained that Western Economic Diversification Canada allocates funding to the best projects, regardless of what province they come from. However, they added that each of the western provinces receives a reasonable share of project funds.

Projects submitted to the organization are evaluated against the following six criteria, from highest to lowest priority:

- **Innovation:** the organization focuses on strengthening Western Canada's innovation capacity by investing in projects that will bring new technology-based products and services to market to strengthen the innovation marketplace in the West.
- **Skills and training development:** the organization supports projects and facilitates partnerships that will deliver post-secondary training to employees and create sustainable, long-term jobs in the West.
- **Aboriginal economic growth:** the organization engages with Aboriginal entrepreneurs and their businesses to identify opportunities for economic and skills development in those communities.
- **Trade and investment:** the organization supports projects that will enhance small business participation in international business, particularly in emerging markets.
- **Federal defence procurement:** the organization strengthens the ability of Western small- and medium-sized enterprises by helping them capitalize on federal defence procurement opportunities.
- **Revitalization of the Western Canada Business Services Network:** the organization ensures that the network members are maximizing their economic impact and are aligned with federal government and organizational priorities.

4.4 Economic Development Agency for the Regions of Quebec

In their testimony before the Committee, officials with the Economic Development Agency of Canada for the Regions of Quebec discussed their organization's mandate, its estimates, financial assistance for the Lac-Mégantic tragedy and the Linguistic Duality Economic Development Initiative. They also spoke about the Fonds d'emprunt communautaire des Laurentides, and 2013–2014 results and 2014–2015 goals.

4.4.1 Mandate

Questioned by the Committee, agency officials explained that, as part of its mission, the Economic Development Agency of Canada for the Regions of Quebec promotes the start-up and growth of Quebec businesses and helps them become more competitive, productive, innovative and active in foreign markets.

The agency supports the regions in their efforts to mobilize and attract investment to improve Quebec's economic well-being. It also contributes to the vitality of every region of Quebec, paying special attention to communities with slow economic growth.

The agency officials said that their organization has 360 employees in 12 business offices in all Quebec regions. According to the officials, the agency works mainly with small- and medium-sized enterprises and not-for-profit organizations, supporting them in their development efforts by providing financial support to carry out projects.

4.4.2 Estimates

According to the *2014–15 Main Estimates*, the Economic Development Agency of Canada for the Regions of Quebec requested \$247.8 million for 2014–2015, a decrease of \$7.1 million, or 2.8%, from the *2013–14 Main Estimates*. Table 25 presents its estimates broken down by voted items and statutory items.

Table 25 – Economic Development Agency of Canada for the Regions of Quebec Main Estimates, 2013–2014 and 2014–2015 (\$)

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	37,907,218	38,535,171	-1.6
5	Grants and contributions	205,309,446	211,466,912	-2.9
Total voted		243,216,664	250,002,083	-2.7
<i>Total statutory</i>		<i>4,623,953</i>	<i>4,929,289</i>	<i>-6.2</i>
Total budgetary		247,840,617	254,931,372	-2.8

Source: Table prepared using data from the Treasury Board of Canada Secretariat, [2014–15 Main Estimates](#), p. II-115.

4.4.3 Financial Assistance for the Lac-Mégantic Tragedy

In answer to questions from Committee members, the agency officials said that, under its Quebec Economic Development Program, the agency helps strengthen the economy of communities and regions struggling with targeted and temporary economic development issues, as is currently the case with Lac-Mégantic.

The officials explained that in July 2013 the agency launched the Economic Recovery Initiative for Lac-Mégantic. This initiative, with a budget envelope of \$35 million over seven years, has three components, each having separate funding: \$20 million in reconstruction assistance, \$10 million in direct assistance for businesses and not-for-profit organizations, and \$5 million in two investment funds managed by the Mégantic region Community Futures Development Corporation.

In response to questions from Committee members, the officials said that the funds for the Economic Recovery Initiative for Lac-Mégantic contributed, for example, to the rehabilitation of Lévis and Salaberry streets, which reunited the downtown area. It also provided financial assistance to enable businesses affected by the disaster to resume operations. The agency also supported the creation of a pedestrian walkway in central Lac-Mégantic so that residents and visitors could reclaim the new downtown.

The officials continued their testimony, saying that a dedicated team is on site and is working closely with local partners to make sure that their needs are clearly understood, to guide them through the economic development process and to identify potential funding options. In 2014, the team attended over a hundred meetings with entrepreneurs, town officials and local economic stakeholders.

4.4.4 Linguistic Duality Economic Development Initiative

Answering questions from Committee members, the officials said that the Linguistic Duality Economic Development Initiative seeks to stimulate the economic development of Quebec's official language minority communities. They added that, through this initiative, their organization expects to invest over \$2.6 million to carry out projects in 2014–2015. According to the officials, this financial assistance is a continuation of the agency's efforts under the Roadmap for Canada's Linguistic Duality 2008–2013 and will meet the needs of Quebec's official language minority communities.

4.4.5 Fonds d'emprunt communautaire des Laurentides

In response to questions from Committee members, the officials discussed the Fonds d'emprunt communautaire des Laurentides, a non-profit organization that provides microcredit and seed money to support anglophones in the Laurentian region. The officials said the agency provided the fund with \$153,000 over two years and four months.

4.4.6 2013–2014 Results and 2014–2015 Goals

The officials said that, for 2013–2014, their organization invested a total of \$226 million in grants and contributions. This funding supported more than 1,150 economic development projects and made a tangible difference in the regions of Quebec. In total, more than 7,391 businesses received financial assistance through organizations funded by the agency. According to the officials, every dollar spent by the organization in 2013–2014 generated \$2.62 in investments in the regions of Quebec.

The agency officials concluded their testimony by saying that the agency's activities are tailored to the economic situation in Quebec and contribute to business development and community vitality. They said that the agency has the necessary resources to meet its goals for 2014–2015, namely to:

- support the maintenance and growth of enterprises;
- contribute to strengthening the economy of Quebec's communities and regions; and
- continue the agency's transformation and modernization to improve its efficiency.

4.5 Federal Economic Development Agency for Southern Ontario

While appearing before the Committee, officials from the Federal Economic Development Agency for Southern Ontario discussed the agency's mandate and estimates as well as priority-setting and accountability.

4.5.1 Mandate

Founded in 2009, the Federal Economic Development Agency for Southern Ontario promotes the economic development and regional industrial diversification of southern Ontario.

The agency administers the following programs: the Advanced Manufacturing Fund, the Eastern Ontario Development Program, the Community Futures Program and the Economic Development Initiative. In addition, the agency supports Infrastructure Canada by delivering infrastructure programming in the region.

In its 2013 budget, the federal government renewed the agency's mandate and provided it with \$920 million over five years, beginning on 1 April 2014.

4.5.2 Estimates

According to the *2014–15 Main Estimates*, the Federal Economic Development Agency for Southern Ontario is planning \$206.7 million in budgetary expenditures for 2014–2015, which is \$16.0 million, or 7.2%, less than the budgetary expenditures presented in the *2013–14 Main Estimates*. Table 26 sets out these estimates, broken down by voted appropriations and statutory items.

**Table 26 – Federal Economic Development Agency for Southern Ontario
Main Estimates, 2014–2015 and 2013–2014 (\$)**

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	26,037,429	24,774,560	5.1
5	Grants and contributions	177,631,522	194,888,410	-8.9
Total voted		203,668,951	219,662,970	-7.3
<i>Total statutory</i>		<i>3,095,164</i>	<i>3,149,796</i>	<i>-1.7</i>
Total budgetary		206,764,115	222,812,766	-7.2

Source: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II–129.

The Committee heard that the decrease in the amounts sought in the *2014–15 Main Estimates* is mainly the result of reduced appropriations for grants and contributions – a decrease of \$17.3 million, or 8.9%. However, this is partially offset by an increase in appropriations for operating expenditures, which rises by 5.1%, or nearly \$1.3 million.

The agency's officials reported that the decrease in appropriations for grants and contributions is the result of the end of the infrastructure program, while the increase in operating expenditures is due to the integration of Canada Business Ontario into the agency. Canada Business Ontario has a mandate to help Ontario entrepreneurs obtain information from government and start businesses.

4.5.3 Priority-setting and Accountability

The Committee took an interest in the way the agency establishes its regional development strategy and evaluates the results of its activities. In particular, the Committee wanted to know whether the agency sets regional development priorities by focusing on certain key sectors such as agriculture, forestry or the auto industry. The officials said that the agency does not look to fund specific projects or sectors according to a pre-established formula. Instead, it responds to individual funding applications from small- and medium-sized businesses for specific projects. The officials said that the agency examines every

funding application it receives to determine how well the project in question meets program guidelines and terms and conditions. Then, the project is evaluated based on how well it corresponds to the agency's regional economic development objectives.

The officials reported that the agency evaluates the effectiveness of its actions within the existing framework for reporting to Parliament, which can be summarized as follows: the agency announces its objectives and priorities each year in its Report on Plans and Priorities, and the results of its programs are stated in its annual Departmental Performance Report. The agency's programs are also subject to periodic evaluations to ensure they are still appropriate.

The officials emphasized that the financial assistance provided to businesses includes significant reporting and monitoring requirements. Under the agency's contribution agreements, recipients must report to the agency on a regular basis, and the riskier the project, the more frequent the reporting. The agency also monitors recipients to ensure the projects being funded in fact exist.

Finally, the officials committed to providing the Committee with a retrospective report on the agency's investments in southern Ontario businesses in the agriculture, agri-food and forestry sectors and a second report on its investments in businesses in the food processing industry, including businesses and organizations in Guelph, Ontario. At the time of writing, the requested information had not yet been provided.

4.6 Canadian Northern Economic Development Agency

During their testimony before the Committee, officials from the Canadian Northern Economic Development Agency discussed the agency's mandate and estimates. They also spoke about its economic development programs and policy and alignment program area, the Community Readiness Initiative, priority-setting and performance evaluation, and the challenges facing Aboriginal people. Lastly, they discussed the spring 2014 report of the Office of the Auditor General of Canada and the agency's French-language services.

4.6.1 Mandate

The Canadian Northern Economic Development Agency was established in 2009 to foster a diversified and dynamic economy in Canada's three territories: Yukon, Nunavut and the Northwest Territories. The agency reports to the Minister of the Canadian Northern Economic Development Agency. The Committee learned that it is the only federal government organization headquartered in northern Canada – Iqaluit, Nunavut.

The agency's three main business lines and services are its set of contribution programs, its Northern Projects Management Office and its role as a voice for the North. The agency's programs support key economic sectors such as mining, tourism, fisheries, cultural industries, and community and business development. The Northern Projects Management Office provides issues management services, guidelines and advice to industry and communities. It also works with partners to maximize the socio-economic benefits of major projects for northern communities. The Committee learned that the Northern Projects Management Office is currently working with over 30 companies to shepherd resource projects through the regulatory process. The agency's officials noted that these projects could generate up to \$22.2 billion in capital investment and create over 10,000 jobs in the North.

In response to a question from a Committee member, the officials stated that the agency works closely with Indian Affairs and Northern Development Canada. The latter also provides some administrative services support to the Canadian Northern Economic Development Agency.

The officials also explained that their organization provides programs and services in two main program areas: economic development, and policy and alignment.

4.6.2 Estimates

According to the *2014–15 Main Estimates*, the Canadian Northern Economic Development Agency is planning \$30.9 million in budgetary expenditures for 2014–2015, which is \$20.8 millions, or 40.2%, less than the budgetary expenditures presented in the *2013–14 Main Estimates*. Table 27 sets out these estimates, broken down by voted appropriations and statutory items.

**Table 27 – Canadian Northern Economic Development Agency
Main Estimates, 2014–2015 and 2013–2014 (\$)**

Vote		2014-2015	2013-2014	Difference (%)
1	Operating expenditures	11,231,366	12,103,359	-7.2
5	Grants and contributions	18,641,803	38,664,119	-51.8
Total voted		29,873,169	50,767,478	-41.2
<i>Total statutory</i>		<i>1,072,597</i>	<i>1,023,655</i>	<i>-4.8</i>
Total budgetary		30,945,766	51,791,133	-40.2

Source: Table prepared using data from Treasury Board of Canada Secretariat, [2014–15 Estimates](#), p. II–77.

The agency also requested \$21.6 million in additional funding under the Supplementary Estimates (A) and (B), bringing its total appropriations for 2014–2015 to \$52.5 million. This total is comparable to the agency's actual expenditures in the 2013–2014 fiscal year, which were \$50.8 million.

In response to a Committee member's question, the officials stated that the agency's operating costs account for about 27% of its total budget. They pointed out that some costs in the North are very high, including employee benefits specific to the North and transportation costs.

The officials reported that the agency had 90 planned positions in 2014–2015, but currently has only 78 employees working in its four offices, which are located in the three territorial capitals and Ottawa. They went on to note that nearly 70% of the agency's employees work out of its northern offices and that the agency is expanding its headquarters in Iqaluit and moving a large part of its corporate services there.

Finally, the Committee inquired about the share of investments being made in each of the territories and the proportion going to Aboriginal entrepreneurs under its various programs. The officials committed to providing the Committee with this information. However, at the time of writing, it had not yet been received.

4.6.3 Economic Development Programs

The Committee heard that the agency's primary program area is to foster economic development in the North. It does so through the following two programs:

- the Strategic Investments in Northern Economic Development program, whose funding was renewed at \$40 million over two years in the 2014 federal budget. This program aims to improve key sectors of the economy, promote economic diversification and increase economic participation. The agency obtained the funding for the program in the *Supplementary Estimates (A), 2014–15*; and
- the Northern Aboriginal Economic Opportunities Program, which was streamlined in April 2014 to focus on economic opportunities. The program's annual budget is \$10.8 million, and its goal is to support Aboriginal business development, and community planning and capacity building.

As requested by a Committee member, the officials agreed to provide a list of the communities that have received funding under the Northern Aboriginal Economic Opportunities Program. At the time of writing, the Committee had not yet received this information.

The officials also reported that the agency is investing \$27 million over five years in the Northern Adult Basic Education Program. The goal of this program is to increase basic literacy to help northerners enter the labour market. The program is delivered by three northern colleges and involves a combination of basic education and job training. The funding allocated to each territory depends on its share of working-age residents who have not completed high school.

The officials told the Committee that, since the agency was established in 2009, more than \$208 million has been invested in over 950 projects to foster economic development in Canada's territories. Each dollar invested by the agency in 2014–2015 has generated \$2.22 in investments from partners. In response to a Committee member's question, the officials said that this translates into about \$35 million to \$40 million in contributions per year, not counting about \$15 million in annual operating expenditures.

4.6.4 Policy and Alignment Program Area

The Committee heard that the agency's second program area involves performing research and analysis to develop effective policies and programs. This program area supports the agency's engagement efforts, including its work with project proponents, territorial governments and Aboriginal organizations, and the Northern Projects Management Office's role in coordinating federal regulatory efforts and federal government consultations.

The officials pointed out that the Northern Projects Management Office oversees resource development in the three territories on behalf of the federal government.

4.6.5 Community Readiness Initiative

The officials discussed the Community Readiness Initiative, which aims to build capacity in northern communities by encouraging them to prepare for the growing number of major resource development projects. The two-year initiative received funding from Indian Affairs and Northern Development Canada's Strategic Partnership Initiative. The officials said that the agency's work under the initiative is taking an innovative community consultation approach to help northerners prepare and plan in advance of resource development so as to better manage its socio-economic impacts.

The officials stated that the Community Readiness Initiative is starting as a pilot project in six communities in Nunavut and the Northwest Territories and will soon be launched in Yukon.

Replying to a Committee question, the officials explained that they are working and engaging with communities, industry and their territorial partners on issues such as the socio-economic impacts of resource development projects long before the environmental assessment phase.

4.6.6 Priority-setting and Performance Evaluation

The Committee asked how the agency establishes its economic development priorities for the regions it serves. The officials replied that the agency works closely with its partners in the North and holds discussions with community leaders from each territory to identify and understand the priorities of the private and public sectors. The agency has established an engagement and consultation strategy to ensure the needs of the North are heard. Furthermore, it has developed a five-year strategy based on a range of information and subsequent analysis to better focus the agency's investment objectives.

Some Committee members asked the officials about the agency's performance evaluation process. The officials answered that they work year-round to evaluate whether the agency is hitting its targets and whether its investments are properly directed. Moreover, the contribution agreements the agency negotiates with recipients set out both expectations and reporting requirements. The officials explained that they try to strike a balance between collecting the information they need to ensure resources are used appropriately and ensuring the reporting burden on recipients is reasonable.

4.6.7 Challenges Facing Aboriginal People

In response to a question from a Committee member, the officials said that Aboriginal people and northern entrepreneurs face many challenges to their participation in the economy. Among them are community capacity, the remoteness of some communities, a lack of access to investment and the desire of some Aboriginal people to work in their native language. To address these challenges, the agency is supporting northern businesses in various ways, including by providing a range of targeted services across the territories. The officials added that northern communities must also deal with significant challenges relating to infrastructure and energy.

4.6.8 Spring 2014 Report of the Office of the Auditor General of Canada

In its spring 2014 report, the Office of the Auditor General of Canada published a performance audit of the agency in which it examined the management and delivery of the agency's three transfer payment programs: the Targeted Investment Program, the Community Economic Development Program and the Northern Adult Basic Education Program. The Auditor General made a total of 12 recommendations to the agency. The officials said that the agency has addressed all of them. They added that most of the corrective measures have been taken and that the following initiatives are underway:

- an increase in the agency's staff at its headquarters in Iqaluit; and
- the integration of performance measures into the agency's business practices and decision-making.

The officials also noted that the agency has improved its client service.

Lastly, the Committee learned that, following improvements to internal business processes, the agency now acknowledges complete project applications within ten days 93% of the time and approves projects within its service standards nearly 90% of the time.

4.6.9 French-language Services

In answer to a Committee member's question, the officials said that many francophones live in the three territories and that the agency invests in programs to build the capacity of francophone entrepreneurs to

work in the language of their choice. The officials cited the example of the agency's investment of \$100,000 in the Conseil de développement économique des Territoires du Nord-Ouest in 2014–2015 to develop and implement a French-language advertising campaign to increase awareness of opportunities in the mining and energy sector and promote entrepreneurship.

5 FOLLOW-UP ON OUTSTANDING ISSUES FROM THE SECOND INTERIM REPORT ON THE *2014–15 MAIN ESTIMATES*

The Committee received additional information on outstanding issues from the second interim report on the *2014–15 Main Estimates*. This information concerned funding for drug use and abuse treatment, savings resulting from the spending review launched in the 2012 federal budget, and the Canada Periodical Fund.

5.1 Funding for Drug Use and Abuse Treatment

In their testimony before the Committee on 29 April 2014, Health Canada officials told the Committee they would provide it with information on funding for the treatment of substance use and abuse. The Committee was informed that no federal programs or workers in the front-line response to drug addiction were affected by the savings identified in the 2012 budget. The Committee also received more information about federal efforts to combat the use and abuse of drugs and tobacco.

The Committee learned that the federal government has developed a National Anti-Drug Strategy to provide a global approach to fight substance abuse. The strategy has three action plans:

- the Prevention Action Plan focuses on preventing illicit drug use. Its funding of \$30 million over five years is to develop a media awareness campaign for young people and their parents;
- the Treatment Action Plan focuses on treating people addicted to drugs. Its funding of \$120.9 million over five years includes short-term funding for stakeholders providing treatment for at-risk youth. This action plan will to continue to provide provinces, territories and stakeholders with \$13.2 million annually; and
- the Enforcement Action Plan focuses on fighting drug production and distribution.

The federal government committed to invest an additional \$44.9 million in the National Anti-Drug Strategy in the 2014 federal budget.

Lastly, the federal government renewed the Federal Tobacco Control Strategy in the 2012 federal budget.

5.2 Savings Resulting from the Spending Review Launched in the 2012 Federal Budget

5.2.1 Health Canada

In their testimony before the Committee, Health Canada officials said they would provide more information on the savings resulting from the spending review launched in the federal budget 2012, which would be undertaken in 2014–2015. The Committee learned that savings for fiscal 2014–2015 are projected to be \$197.6 million compared with \$138.5 million and \$74.2 million for 2013–2014 and 2012–2013, respectively. As Table 28 shows, savings are distributed among four categories: administrative

efficiencies and rationalization of structures and functions, grants and contributions, shared services, and streamlining regulatory operations and administration.

Table 28 – Health Canada’s Projected Savings as part of the Federal Budget 2012 Spending Review, 2012–2013 to 2014–2015 and ongoing (\$ millions)

	2012–2013	2013–2014	2014–2015 and ongoing
Administrative efficiencies and rationalization of structures and functions			
Organizational restructuring	11,534	37,341	39,501
Streamlining policy, planning and administrative capacity	4,926	20,639	35,856
Streamlining laboratory, science and research activities	693	3,232	9,067
Administrative and operational efficiencies	14,302	20,619	24,007
Subtotal	31,455	81,831	108,431
Grants and contributions			
Reductions to pan-Canadian health organizations	2,000	7,337	11,270
First Nations and Inuit Health Branch non-service delivery program reductions	27,029	27,322	27,498
Other grants and contributions program reductions	8,955	8,955	19,705
Subtotal	37,984	43,614	58,473
Shared services	3,727	9,872	17,862
Streamlining regulatory operations and administration	1,032	3,198	12,829
Total	74,197	138,515	197,595

Source: Table prepared using data from Health Canada, [Health Canada – Economic Action Plan 2012](#).

5.2.2 Citizenship and Immigration Canada

In their testimony before the Committee, Citizenship and Immigration officials said they would provide a list of programs, services and employees affected by the savings resulting from the spending review launched in the 2012 federal budget. The Committee was since informed that the department could not provide the list because the savings measures in the 2012 federal budget were defined by departmental activities, not by program alignment architecture programs. However, the Committee learned that total savings over 2014–2015 is \$13.8 million. Table 29 provides more information about these savings.

Table 29 – Citizenship and Immigration Canada’s Projected Savings as part of the Federal Budget 2012 Spending Review, 2014–2015 (\$ thousands)

	2014–2015
Modernizing operations	
Rightsize the overseas office network	4,465
Rightsize the domestic network	0
Manage the domestic network	95
Subtotal	4,560
Centralizing/refocusing corporate services	
Provide information and technology support	1,189
Consolidate human resources	1,723
Consolidate communications	535
Consolidate regional administrative services	0
Centralize access to information and privacy at national headquarters	0
Consolidate financial services	395
Manage paper information	510
Rethink library services	232
Transfer distribution services	0
Subtotal	4,584
Government and program reorganization	
Eliminate immigration portal funding for provinces and territories	0
Eliminate funding for Welcoming Communities Initiative	0
Review federal, provincial and territorial settlement services	1,456
Reduce the Inter-Action Multiculturalism Projects	0
Revamp refugee settlement services	3,280
Official languages action plan	0
Subtotal	4,736
Total	13,880

Source: Table prepared using data from Citizenship and Immigration Canada, 15 October 2014.

5.3 Canada Periodical Fund

In their testimony before the Committee, Canadian Heritage officials said they would provide the list of recipients of grants and contributions under the Canada Periodical Fund. The Committee received this list, which provides the following information for 2013–2014:

- 806 periodicals received a grant under Aid to Publishers;
- 15 periodicals received a contribution under Aid to Publishers;
- 4 periodicals received a grant for commercial innovation;
- 49 periodicals received a contribution for commercial innovation; and
- 18 organizations received a contribution for collective initiatives.

APPENDIX A: FEDERAL BRIDGES BY AUTHORITY

Table A.1 – Federal Bridges under the Responsibility of the Federal Bridge Corporation Limited

Name	Municipality
Seaway International Bridge	Akwesasne, Ontario
Sault Ste. Marie International Bridge	Sault Ste. Marie, Ontario
Thousand Islands Bridge	Leeds and the Thousand Islands, Ontario

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

Table A.2 – Federal Bridges under the Responsibility of Jacques Cartier and Champlain Bridges Incorporated

Name	Municipality(ies)
Champlain Bridge	Brossard, Quebec, and Montreal, Quebec
Champlain Bridge's Ice Bridge	Brossard, Quebec
Nuns' Island bridge	Montreal, Quebec
New Nuns' Island Bypass Bridge	Montreal, Quebec
Federal section of the Honoré-Mercier Bridge	Kahnawake, Quebec
Jacques-Cartier Bridge	Longueuil, Quebec, and Montreal, Quebec

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

Table A.3 – Federal Bridges under the Responsibility of the Montreal Port Authority

Name	Municipality
Bridge south of the Alexandra Pier	Montreal, Quebec
Alexandra Pier extension	Montreal, Quebec

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

Table A.4 – Federal Bridge under the Responsibility of the Quebec Port Authority

Name	Municipality
Dalhousie St. Lift Bridge	Quebec City, Quebec

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

Table A.5 – Federal Bridges Under the Responsibility of the St. Lawrence Seaway Management Corporation

Name	Municipality(ies)
Bridge 7 downstream and upstream of Kahnawake	Kahnawake, Quebec
Upper Beauharnois lock	Beauharnois, Quebec
Bridge 9	Salaberry-de-Valleyfield, Quebec, and Saint-Louis-de-Gonzague, Quebec
Jacques-Cartier Bridge	Montreal, Quebec, and Longueuil, Quebec
Larocque Bridge	Salaberry-de-Valleyfield, Quebec
Bridge 12	Iroquois, Ontario
Bridge 13 Saint-Lambert Ice control structure	Saint-Lambert, Quebec
Victoria Bridge South	Saint-Lambert, Quebec
Weir above the regulating channel	Saint-Lambert, Quebec
Weir below the regulating channel	Saint-Lambert, Quebec
Bridge 17 Côte-Sainte-Catherine Ice control structure	Sainte-Catherine, Quebec
Victoria Bridge North	Saint-Lambert, Quebec
Côte-Sainte-Catherine regulating channel	Sainte-Catherine, Quebec
Bridge 2 downstream of Saint-Lambert locks	Saint-Lambert, Quebec
Bridge 20 Spillway – Beauharnois locks	Beauharnois, Quebec
Bridge 21 Suzanne Creek Culvert – Kahnawake	Kahnawake, Quebec
Bridge 22 Tekakwitha Island – Kahnawake	Kahnawake, Quebec
Bridge 24 Beauharnois lock spillway	Beauharnois, Quebec
Bridge 3 upstream of Saint-Lambert locks	Saint-Lambert, Quebec
Champlain Bridge (East and West fixed approach spans)	Montreal, Quebec, and Brossard, Quebec
Bridge 5 Côte-Sainte-Catherine	Sainte-Catherine, Quebec
Honoré-Mercier Bridge	Montreal, Quebec, and Kahnawake, Quebec
Seaway International Bridge	Cornwall, Ontario
Bridge 3	St. Catharines, Ontario
Bridge 4 East and West fixed approach spans	St. Catharines, Ontario
Bridge 5 Glendale Avenue	St. Catharines, Ontario

Name	Municipality(ies)
Culvert Bridge, Haul Rd N. – Glendale Ave	St. Catharines, Ontario
Crossing, CN Tunnel Townline east and west	Port Colborne, Ontario
Passage Kelly, third canal	Thorold, Ontario
Pond 7 Trestle Bridge	Thorold, Ontario
Portable Bridge	Thorold, Ontario
Bridge 25 Weir	Thorold, Ontario
Bridge 7 Weir	Thorold, Ontario
Bridge 8 Weir	Port Colborne, Ontario
Bridge 1	St. Catharines, Ontario
Bridge 6	St. Catharines, Ontario
Bridge 7	St. Catharines, Ontario
Bridge 11 Allanburg, Welland Canal	Welland, Ontario
Bridge 19a	Port Colborne, Ontario
Bridge 21	Port Colborne, Ontario

Source: Table prepared using data from Transport Canada, 11 February 2015.

Table A.6 – Federal Bridge under the Responsibility of Transport Canada

Name	Municipalities
Confederation Bridge	Borden-Carleton, Prince Edward Island, and Bostford, New Brunswick

Note: The Confederation Bridge is operated by a private company, Strait Crossing Development Inc.

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

Table A.7 – Federal Bridges under the Responsibility of the National Capital Commission

Name	Municipalities
Champlain Bridge	Ottawa, Ontario, and Gatineau, Quebec
Portage Bridge	Ottawa, Ontario, and Gatineau, Quebec

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

**Table A.8 – Federal Bridges under the Responsibility of
Public Works and Government Services Canada**

Name	Municipality(ies)
J.C. Van Horne Bridge	Campbellton, New Brunswick, and Pointe-à-la-Croix, Quebec
Alexandra Bridge	Ottawa, Ontario, and Gatineau, Quebec
Chaudières Bridge	Ottawa, Ontario, and Gatineau, Quebec
Des Allumettes Bridge	Pembroke, Ontario, and L'Isle-aux-Allumettes, Quebec
Des Joachims Bridge	Rolphon, Ontario, and Rapides-des-Joachims, Quebec
MacDonald-Cartier Bridge	Ottawa, Ontario, and Gatineau, Quebec
Burlington Lift Bridge	Burlington, Ontario
Portage Channel Bridge	Rivière des Français, Ontario
LaSalle Causeway	Kingston, Ontario
St. Andrews Lock and Dam traffic bridge	Lockport, Manitoba
New Westminster Railway Bridge	New Westminster, British Columbia, and Surrey, British Columbia

Note: Public Works and Government Services Canada is also responsible for 25 bridges and 31 culverts on the Alaska Highway.

Source: Table prepared using data from the Treasury Board of Canada Secretariat, 12 June 2014.

**Table A.9 – Federal Bridges under the Responsibility of
Fisheries and Oceans Canada**

Site Name – Element Name	Municipality / Province
Atnarko Spawning and Rearing Channels – Bridge	Bella Coola, British Columbia
Big Qualicum Hatchery Project – Bridge	Qualicum Bay, British Columbia
Black Creek Counting Fence – Bridge	British Columbia
Bonilla Island Sector – Bridge	British Columbia
Egg Island – Bridge	British Columbia
Embley River Fishway – Bridge	British Columbia
Fulton River Project – Bridge	Granisle, British Columbia
Hell's Gate Fishways – Suspension bridge	Hell's Gate, British Columbia
Horsefly River Spawning Channel – Access bridge	Horsefly, British Columbia

Site Name – Element Name	Municipality / Province
Ivory Island – Bridge	British Columbia
Klemtu Mountain – Bridge	British Columbia
Lennard Island – Bridge	British Columbia
Nootka Island – Bridge	British Columbia
Phillips River Spawning Channel – Bridge	Phillips Arm, British Columbia
Pine Island – Bridge	British Columbia
Pinkut Creek Project – Wooden bridge	Burns Lake, British Columbia
Quatsino (Kains Island) – Bridge	British Columbia
Quinsam River Hatchery – Access bridge	Campbell River, British Columbia
Robertson Creek Hatchery – Service bridge	Port Alberni, British Columbia
Robertson Creek Hatchery – Boot Lagoon bridge	Port Alberni, British Columbia
Robertson Creek Hatchery – Main bridge	Port Alberni, British Columbia
Rosewall Creek Research Hatchery – Bridge	Fanny Bay, British Columbia
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Bridge	St. John's, Newfoundland and Labrador
Cape Race – Wooden bridge	St. John's, Newfoundland and Labrador
Lower Terra Nova Fishway – Bridge	Glovertown, Newfoundland and Labrador
Finlay Point – Bridge	Finlay Point, Nova Scotia
Otter Island – Bridge	Ontario
Western Island – Bridge	The Archipelago, Ontario
Launching Pond – Bridge	Prince Edward Island
Skinners Pond – Bridge	Prince Edward Island

Source: Table prepared using data from Fisheries and Oceans Canada, 27 October 2014.

APPENDIX B: WITNESSES

Wednesday, 17 September 2014

Treasury Board of Canada Secretariat — Office of the Comptroller General of Canada:

Bill Matthews, Comptroller General of Canada;

Hugo Pagé, Acting Assistant Comptroller General, Internal Audit Sector.

Treasury Board of Canada Secretariat:

Sally Thornton, Deputy Assistant Secretary, Expenditure Management Sector;

Marcia Santiago, Executive Director, Expenditure Management Sector.

Tuesday, 23 September 2014

The Federal Bridge Corporation Limited:

Natalie Kinloch, Chief Operating Officer;

Richard Iglinski, Corporate Comptroller.

Jacques Cartier and Champlain Bridges Incorporated:

Claude Lachance, Senior Director, Administration;

Jean-Vincent Lacroix, Director, Communications.

Infrastructure Canada:

Thao Pham, Assistant Deputy Minister, Federal Montreal Bridges.

Wednesday, 24 September 2014

Canada Border Services Agency:

André Joannette, Director General, Deputy Chief Financial Officer and Resources Management Directorate, Comptrollership Branch;

Caroline Xavier, Associate Vice President, Operations Branch.

Natural Resources Canada:

Kami Ramcharan, Assistant Deputy Minister, Corporate Management Services Sector and Chief Financial Officer;

Jennifer Hollington, Director General, Planning, Performance Management and Reporting;

Jean-Frédéric Lafaille, Director General, AECL Restructuring.

Tuesday, 30 September 2014

Employment and Social Development Canada:

Alain P. Séguin, Chief Financial Officer;

Vincent DaLuz, Chief Audit Executive, Internal Audit Services Branch;

Catherine Demers, Executive Director, Federal, Provincial, Territorial Partnerships, Skills and Employment Branch;

Mary Pichette, Senior Assistant Deputy Minister, Income Security and Social Development Branch;

Ron Meighan, Director General, Benefits Processing, Service Canada;

David Swol, Director General, Canada Education Savings Program.

Finance Canada:

Randy Larkin, Assistant Deputy Minister, Corporate Services Branch;

Geoff Trueman, General Director, Tax Policy Branch;

Nicholas Leswick, General Director, Fiscal Policy, Economic and Fiscal Policy Branch.

Wednesday, 1 October 2014

Canada Mortgage and Housing Corporation:

Brian Naish, Chief Financial Officer;

Michel Tremblay, Chief, Audit and Evaluation;

Charles MacArthur, Senior Vice President, Regional Operations and Assisted Housing;

Michel Laurence, Vice President, Policy and Research.

Tuesday, 7 October 2014

Transport Canada:

April Nakatsu, Director General, Crown Corporation Governance;

Marie-Hélène Lévesque, Senior Director, Detroit River International Crossing Project Team.

Fisheries and Oceans Canada:

Jaime Caceres, Director General, Real Property, Safety and Security, Human Resources and Corporate Services.

Public Works and Government Services Canada:

Marilea Pirie, Director General, Engineering Assets Strategy, Real Property Branch.

Buffalo and Fort Erie Public Bridge Authority:

Anthony Annunziata, Vice-Chair;

Ron Rienas, General Manager.

Niagara Falls Bridge Commission: (by video conference)

Ernie Smith, Chair;

Lew Holloway, General Manager.

Wednesday, 8 October 2014

Public Health Agency of Canada:

Kim Elmslie, Assistant Deputy Minister, Health Promotion and Chronic Disease Prevention Branch;

Dr. Theresa Tam, Branch Head, Health Security Infrastructure Branch;

Carlo Beaudoin, Chief Financial Officer.

Correctional Service Canada:

Don Head, Commissioner;

Liette Dumas-Sluyter, Assistant Commissioner, Corporate Services and Chief Financial Officer.

Veterans Affairs Canada:

Bernard Butler, Acting Assistant Deputy Minister, Policy, Commemoration and Communications;

Maureen Sinnott, Director General, Finance Division, and Acting Chief Financial Officer.

Tuesday, 21 October 2014

Canadian Institutes of Health Research:

Thérèse Roy, Chief Financial Officer and Vice President, Resource Planning and Management Portfolio;

Kelly VanKoughnet, Associate Vice President, Research and Knowledge Translation.

Patented Medicine Prices Review Board:

Douglas Clark, Executive Director;

Pauline Lahey, Chief, Corporate Planning and Reporting.

Tuesday, 28 October 2014

Public Service Commission of Canada:

Anne-Marie Robinson, President;

Christine Donoghue, Senior Vice President, Policy;

Gerry Thom, Vice President, Staffing and Assessment Services;

Philip Morton, Director General of Finance and Administration.

Standards Council of Canada:

Ernie Briard, Vice President, Corporate Services & Chief Financial Officer;

Michel Girard, Vice President, Strategy;

Sandra E. Watson, Vice President, Communications and Corporate Planning and Corporate Secretary.

Tuesday, 4 November 2014

National Research Council of Canada:

Michel A. Piché, Vice President, Corporate Management & Chief Financial Officer;

Gail E. McLellan, Deputy Chief Financial Officer and Director General, Finance Branch;

Bogdan Ciobanu, Vice President, Industrial Research Assistance Program.

International Development Research Centre:

Stephen McGurk, Acting Vice President, Programs and Partnership Branch;

Sylvain Dufour, Vice President, Resources, and Chief Financial Officer.

Tuesday, 4 February 2015

Atlantic Canada Opportunities Agency:

Denise Frenette, Vice President and Chief Financial Officer, Finance and Corporate Services;

Stéphane Lagacé, Director General and Deputy Chief Financial Officer, Finance and Administration.

Public Works and Government Services Canada:

Joan Mackinnon, Regional Director, Cape Breton Operations, Atlantic Region;

Ryan Pilgrim, Director General, Budget and Cost Management, Finance and Administration Branch;

Robert Wright, Regional Director General, Atlantic Region.

Marine Atlantic Incorporated:

Paul Griffin, President and CEO;

Shawn Leamon, Chief Financial Officer.

Western Economic Diversification Canada:

Francesco Del Bianco, Director General, Strategic Services and Advocacy;

Jim Sauderson, Assistant Deputy Minister - Alberta Region.

Economic Development Agency of Canada for the Regions of Quebec:

Marc Lemieux, Executive Director, Corporate Services;

Jack Noodelman, Acting Director General, Departmental Finances Branch.

Wednesday, 18 February 2015

Federal Economic Development Agency for Southern Ontario:

Susan Anzolin, Chief Financial Officer, Corporate Services Branch;

Alain Beaudoin, Vice President, Policy, Partnerships and Performance Management.

Canadian Northern Economic Development Agency:

Mitch Bloom, Vice President;

Janet King, President;

Yves Robineau, Chief Financial Officer.