



House of Commons  
CANADA

## Legislative Committee on Bill C-2

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CC2 • NUMBER 015 • 1st SESSION • 39th PARLIAMENT

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EVIDENCE

**Tuesday, May 30, 2006**

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**Chair**

**Mr. David Tilson**

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## Legislative Committee on Bill C-2

Tuesday, May 30, 2006

•(1800)

[English]

**The Chair (Mr. David Tilson (Dufferin—Caledon, CPC)):** Good evening. This is the Legislative Committee on Bill C-2, meeting number 15.

The orders of the day, pursuant to the order of reference of Thursday, April 27, 2006, are for the study of Bill C-2, An Act providing for conflict of interest rules, restrictions on election financing and measures respecting administrative transparency, oversight and accountability.

Monsieur Sauvageau, you have a point of order.

[Translation]

**Mr. Benoît Sauvageau (Repentigny, BQ):** Sorry for interrupting, but I have a question for clarification. If you deem it to be out of order, I will not contest your decision. I do not wish to debate the motion tabled by Mr. Martin right now. The question I want to ask you...

[English]

**The Chair:** Excuse me, did you say Mr. Martin's motion?

[Translation]

**Mr. Benoît Sauvageau:** I do not want to discuss it, I wish to ask a question.

The deadline for the tabling of amendments is Friday. Perhaps the clerk might help you answer my question. How much time does the law clerk need...?

[English]

**The Chair:** That will be discussed tomorrow at the subcommittee meeting at 12:15. I look forward to seeing you there.

[Translation]

**M. Benoît Sauvageau:** Very well. Thank you.

[English]

**The Chair:** Ladies and gentlemen, we have a bit of a problem, as some of you may have heard if you were in the other room. We have a vote at 6:40. It's being proposed that this meeting go until 6:30, and I guess you'll have to come back whenever the vote is over for us to hear the rest of your presentations. I'm sorry to put you through that, but we have no control over the votes in this place.

We have three groups. We have, from the Canada Foundation for Innovation, Eliot A. Phillipson, president and chief executive officer; and Suzanne Corbeil, vice-president, external relations. From Canada Health Infoway, we have Michael Sheridan, the chief

operating officer. From the Canada Millennium Scholarship Foundation, we have Norman Riddell, who is the executive director and chief executive officer; and Andrew Parkin, who is the director of research and program development.

Good evening to you. As you may know, you may make brief comments at the outset, and then there will be questions from the committee. Thank you very much for coming.

I don't know who wants to go first; you could flip a coin. Or I'll say who goes first.

Mr. Phillipson.

**Dr. Eliot A. Phillipson (President and Chief Executive Officer, Canada Foundation for Innovation):** *Merci.*

The Canada Foundation for Innovation is committed to the principles of accountability and is comfortable with the broad objectives of the Accountability Act. It's difficult at this time to comment in any detail on the implications for CFI of Bill C-2, given its complexity and its breadth, but I would note that the CFI has always acted within the spirit of the legislation that the bill addresses.

By way of background, the CFI was created by an act of Parliament in 1997 as an independent corporation. The funding agreement between the CFI and the Government of Canada, approved by the Treasury Board, sets out the terms and conditions under which the CFI must operate. The CFI is governed by a board of directors that sets strategic objectives in the context of the funding agreement and makes the final decisions on projects that are to be funded, based on a rigorous merit review process.

As such, our key concern will be to ensure that Bill C-2 does not inadvertently jeopardize the integrity of the merit-based awards system that is fundamental to CFI's mandate.

The CFI has numerous accountability measures already in place and incorporates the principles of accountability into every facet of operations. For example, our annual report is tabled in Parliament through the Minister of Industry, and it includes information not only on financial performance but also on funded projects, evaluations, results, and corporate plans. The CFI submits to the minister the results of independent third party evaluations of its programs to assess its overall performance in achieving the national objective identified in the agreement. The CFI submits to the minister an annual corporate plan that includes planned expenditures, objectives, and performance expectations.

From its inception, the board has taken prudent measures to ensure sound accountability and governance practices. We have implemented a strong internal control environment to carry out our activities. These controls are widely accepted in the business community and among the public and are reviewed by external auditors. Moreover, independent audit firms conduct contribution audits of the funded projects to ensure the proper use of public funds.

With regard to access to information, the CFI promotes an open and transparent approach to communications, with a focus on information sharing while respecting the privacy of its client institutions and their researchers.

We have adopted a policy on privacy and access to information that provides a right of public access to information and is subject to only a few necessary exceptions to protect the personal information of applicants and reviewers, which is critical to the integrity of the merit review system.

In conclusion, as was stated in budget 2006, "Foundations have become important vehicles for implementing policy, particularly in areas such as research and development...where expert knowledge, third-party partnerships...and peer review are especially important".

The key concern, from the perspective of our board of directors, is the need to ensure that Bill C-2 does not jeopardize the very nature of the foundation and the principles on which it was created. The foundation governance model has allowed CFI to be efficient, accountable, transparent, and flexible enough to adapt to the emerging needs in a very highly competitive global research environment.

Thank you. *Merci.*

• (1805)

**The Chair:** Thank you, Mr. Phillipson.

Mr. Sheridan, from Canada Health Infoway.

[*Translation*]

**Mr. Michael Sheridan (Chief Operating Officer, Canada Health Infoway):** Mr. Chairman, Members of the Committee, I am pleased to be here this evening. The Canada Health Infoway is unique. Its aim, through its mandate and its structure, is to promote the development of electronic health records in a pan-Canadian context, so as to improve the quality, access and productivity of our health care system.

[*English*]

Infoway was established as an independent not-for-profit corporation as set out under the Canada Corporations Act. Infoway is not a parent crown corporation or a wholly owned subsidiary of a parent crown corporation or an agent corporation. Infoway reflects a collaborative model, which is defined in its governing body membership, its board of directors, and its joint strategic investor role and structure.

Infoway's investment model is designed to foster collaboration with all jurisdictional stakeholders while ensuring reuse, high replication, and leverage of the funds that are invested. As a strategic investor, Infoway co-invests on average 75% of eligible costs for electronic health record projects. Infoway uses a gated

funding mechanism so that no money flows until key milestone deliverables are achieved. It is the provinces and the territories that are responsible for the longer-term maintenance and operating costs; hence they have a huge stake in the development and implementation of these systems.

Canada's 14 federal, provincial, and territorial governments, represented by their deputy ministers of health, are the corporation's owners and, in a manner of speaking, its only shareholders. The cooperation and collaboration of each member is required on an equal basis. While each member has an oversight role in Infoway, no individual government has a priority oversight role. Infoway's strong accountability regime reflects our multi-government structure and ownership. It includes an annual independent compliance audit to ensure conformity and adherence to specific terms and conditions of our funding agreement, which is submitted to all members; an annual independent financial audit, which is made available to the members and to the public; an annual report, which has been tabled in the House, that tracks performance results and is provided to all members of Parliament, the Senate, and is available on our website along with our annual business plan, which is approved by the board of directors and presented to the members. In addition, a mid-term performance evaluation has recently been completed by an independent third party evaluation firm, and that extensive report was submitted to the members as well as being made available to the public.

In closing, as the Auditor General stated in her appearance here last week, changes last year to the Auditor General Act addressed her concerns about the audit access to foundations and this proposed legislation, which would expand that office's mandate to follow the dollar. Infoway members, board, and management also take following the dollar very seriously and have put in place a strong accountability framework with appropriate internal controls, processes, procedures, financial systems, external investment portfolio managers, external audit and performance evaluation mechanisms to account for all of our investment decisions and the tracking of expenditures of these investment dollars.

We would obviously seek to fully cooperate with the Auditor General in any audit activity that she might wish to initiate and hope that her office could and would build on the audit and accountability activities Infoway has already established.

Thank you.

• (1810)

**The Chair:** Thank you, Mr. Sheridan.

From the Canada Millennium Scholarship Foundation, all the way from Vancouver, Mr. Norman Riddell.

[*Translation*]

**Mr. Norman Riddell (Executive Director and Chief Executive Officer, Canada Millennium Scholarship Foundation):** Thank you, Mr. Chairman. I am accompanied by Andrew Parkin, director of research at the Foundation.

[English]

The foundation supports the objectives of the Accountability Act, which it perceives to be enhanced public participation in the development and delivery of programs, and enhanced accountability for actions and spending, which we believe will lead to more efficient and effective use of public resources.

It also believes that accountability is a matter not only of action but also of perception. From the very beginning, the foundation has consistently gone beyond the reporting requirements of its legislation in order to provide the public and members of Parliament with a detailed account of its operations and opportunities to become involved in the development and delivery of its programs.

With respect to the accounts of our operations, of course we table an annual report in Parliament, but I would also refer members of the committee to our website, on which they can find an account of exactly where the foundation's money is going on a regular basis, constantly updated by the level of institution, province, or constituency. We also publish evaluations of our activities.

I also mentioned that we involve the public in developing the programs. Our directors and members are drawn from the broader community, we use citizen advisory panels for major programs, we conduct public consultations prior to all major initiatives, and we deliver many of our programs in partnership.

We believe that one of the most important effects of the proposed legislation will, therefore, be to enhance the perception of accountability by replacing the foundation's voluntary transparency with legislated transparency. Henceforth, the foundation will not only need to make its actions transparent, but it will also need to be in a position to demonstrate that it is prepared to do so in accordance with standards established by an external authority, the Parliament of Canada.

Meeting those standards will require some effort and will incur some costs. Having a small staff of 40 people, whose energies are primarily focused on delivering \$340 million in student financial assistance to approximately 100,000 students a year, the foundation has, of necessity, engaged the services of consultants to help it understand exactly how the act will affect it, and to propose systems that will permit us to meet the requirements of the proposed legislation. We will be pleased to provide you with further information as we receive the report from the consultant.

However, I have a few remarks to make with respect to specific parts of the bill, if the chair would permit.

**The Chair:** We're here to talk about the bill. Try to keep your comments to the bill, please.

**Mr. Norman Riddell:** With respect to the Conflict of Interest Act, in proposed section 2 there are two definitions that concern us, the definition of public office holder and the definition of reporting public office holder.

Depending on whether you consider that the honorarium the foundation pays to the members of its board of directors to be a salary or not, our GIC appointments to the board are either reporting public office holders or public office holders. There follows in the Conflict of Interest Act a number of restrictions on the activities of

these people, both while they're on the board and when they leave the board, that may not have been intended, and we would be interested to get some clarification on that point.

With respect to the amendments to the Lobbyists Registration Act, the foundation is already registered as a lobbyist, and we don't see any difficulty in meeting the additional requirements in clause 69.

With respect to amendments to the Access to Information Act, we have always behaved as though we were subject to the Access to Information Act, but we do anticipate some difficulty in ensuring the availability of documents in both official languages, given that the foundation's practice internally has always been to have the staff members produce the documents in the language of their choice. Any dealings with the public, of course, are in both languages of Canada.

The other difficulty we may encounter is respecting the time limits with respect to meeting retroactive requests. We believe that the exemptions proposed in the amendments to the Access to Information Act will be useful. We need to protect the personal information of the some 500,000 to 600,000 students on whom we have files, and we also need to protect the information that we receive from governments in confidence and the material we use in negotiations with governments.

With respect to the amendments to the Privacy Act, the foundation is already complying with some 13 privacy laws—those of the provinces and territories. We don't anticipate any difficulty in protecting the information, although this bill will require us to post information on the databanks where we hold personal information, and as I mentioned, we have a lot of it. So additional effort will be required to inform the public about the nature of the information that we hold in our banks.

The Auditor General Act has also been amended and the Auditor General has in the last couple of weeks arrived at the foundation. We believe this is an excellent opportunity for the foundation to make the public aware of its achievements in flatlining student debt, beginning in 2000 in real dollars, contributing to a significant decline in dropouts in higher education among high-borrower students, and to show that the foundation has delivered \$1.28 of student financial assistance for every dollar it receives from the taxpayers and has done so with a staff of 40 and overheads of under 7%.

• (1815)

**The Chair:** That bell means time is up. If you could wind up, I'd appreciate it. Thank you.

If you have only a few more sentences, you may proceed.

**Mr. Norman Riddell:** In closing, we're pleased to participate in the government's effort to make it easier for the public and its elected representatives to understand the work of the foundation. We do not consider the additional requirements to interfere with our independence as a private government-financed charitable foundation operating at arm's length from government. We have been entrusted with a great deal of the public's money, and like any other foundation that takes money from donors, we have to expect to give an account of our stewardship to the public and to the elected representatives.

**The Chair:** Thank you, Mr. Riddell.

There will now be questions from the four different caucuses. Each caucus has seven minutes for questions and answers.

Mr. Owen is first.

**Hon. Stephen Owen (Vancouver Quadra, Lib.):** Thank you, lady and gentlemen. I'll raise a couple of points and then my colleague Mr. Tonks will raise a point.

First of all, I congratulate you all for the work you do. It's outstanding. In my experience in looking at public administration and public policy, your three organizations show accountability and responsibility and success toward your mandates, at the top of any list of public agencies I know of, and so I think you have to be congratulated for that.

Dr. Phillipson, in your very highly respected international peer review process, have you had challenges by unsuccessful proponents, and what is your record of dealing with that?

And while I have the microphone on, Mr. Riddell, I'm wondering about the privacy side of your operations. Thank you.

• (1820)

**Dr. Eliot A. Phillipson:** Thank you for the question.

We provide to the applicants a verbatim copy of the reports of the external experts and the committees that evaluate, but deleting the names or any reference to the identity of the reviewer. That's the integrity of the peer review system. It's a time-honoured system in research and scholarship, in publishing original research. The whole peer review system functions on the ability of the system to get a candid opinion from reviewers because they know their identity will be protected.

Yes, to answer your question, of course we've had challenges from unsuccessful applicants who might challenge and take issue with the substance of the review. It doesn't happen very frequently, but it still protects the identity of the reviewer.

That's our concern, because the current privacy legislation exempts individuals; our applicants happen to be institutions. So the addition of two simple words, individuals "or institutions", would take care of our concerns.

**Hon. Stephen Owen:** Thank you.

My further comment, I was initially thinking, would be to Mr. Sheridan, but I value the answers of either of you on the privacy side.

Really, Mr. Sheridan, I was thinking of health information—

**The Chair:** We'll let everybody speak.

Mr. Sheridan, and then Mr. Riddell.

**Mr. Michael Sheridan:** In terms of privacy, we have a privacy policy that we've instituted within the corporation itself. When we're dealing with privacy with respect to health records, it is the 14 different pieces of privacy legislation within the jurisdictions and the federal government that constitute the privacy issues around access to health records.

An EKOS poll two years ago indicated that 80% of Canadians believe electronic health records would indeed improve the delivery of the health care they got out of the health care system; however, they expressed some concerns. In the expression of those concerns they were very concerned about who would have access to their health information, under what circumstances that access would be granted, and whether or not they would have the ability to intervene with respect to correcting or changing their particular health care records.

Overall, in terms of privacy with respect to health records, Infoway has developed what would be an appropriate governance and architecture system for confidentiality and privacy around electronic health records that the jurisdictions could use in building those electronic health care systems.

**The Chair:** Mr. Riddell.

**Mr. Norman Riddell:** Thank you.

As I mentioned, the foundation has personal information on between 500,000 and 600,000 students. That information can, depending on the program in which we're supporting the students, contain information about their financial need, their family income, their marks, the programs they're studying—it's almost a complete file on each student.

Some of the data we receive is transferred to us from the provinces. It is collected by the provinces for use in the administration of their own student financial aid programs and the Canada student loans program. There is, on the application form for Canada student loans and provincial student aid, a line that authorizes the province to transfer that data to us. The data belongs to the province, and we must use it in compliance with provincial privacy legislation. So we become subject to the 13 different laws of the provinces and territories.

We also collect information directly in a much smaller program—the merit program—directly from students. In that case, the information is governed by the privacy legislation of the province of Quebec, because that's where we're located.

In all cases, great care is taken to protect this information, given its sensitivity. That is one of the reasons why the foundation has never thought it correct to reveal the names of the people who win its bursaries, because revealing the names of the people who receive foundation bursaries would be the equivalent of publishing the list of the people who had the highest need in Canada, something we did not consider appropriate. It has been a matter of discussion between foundation officials and members of the House of Commons at different points.

**The Chair:** Thank you.

Monsieur Sauvageau.

• (1825)

[Translation]

**Mr. Benoît Sauvageau:** Mr. Chairman, I hope you will not reject my preamble, but I wish to first and foremost apologize to my colleagues, because however interesting the amendments suggested are, we will not be able to accept them. This applies also to the witnesses that we are hearing today and those we will be meeting with tomorrow, because a motion by a member of this Committee is forcing us to table our amendments by Friday June 2nd, at noon. Anyone who is even just remotely aware of the legislative and parliamentary process knows that as of at least this morning we are no longer allowed to table amendments with the Law Clerk and Parliamentary Counsel.

We have been saying since the very outset that this Committee was a bit of a masquerade. We yet again this evening are seeing proof of this with the motion tabled by the NDP and which will be debated tomorrow, a motion that will prevent us from tabling your amendments, which I at first blush find most interesting. Unfortunately, just as committee members are simply playing bit parts here this evening, the witnesses tomorrow will only be playing bit parts.

Mr. Chairman, with these expressions of harmony as a backdrop, I will nevertheless put my questions.

[English]

**The Chair:** Monsieur Sauvageau, you're going to provoke everybody here. First of all, the notice of motion isn't by Mr. Martin, it's by Monsieur Poilievre.

Mr. Martin, if you have another notice of motion, I haven't seen it. But, you know, that's a long way away yet. We haven't got to that. It may never come.

Please get on with your question to these people; they've come a long way.

[Translation]

**Mr. Benoît Sauvageau:** I take back what I said. Now that you know what I think of the Committee, I can put my questions.

Bill C-2 was drafted and the foundations were included in it in order to resolve a problem of perception. Tell me if the problem of perception has not already been resolved in the following way. Two or three years ago, the Auditor General tabled a report stating that she should have an oversight role over foundations. The Public Accounts Committee did a study on foundations and tabled a report stating that the Auditor General should have an oversight role vis-à-

vis the foundations. An MP tabled a private member's bill, Bill C-277, the purpose of which was to subject foundations to oversight by the auditor general. This bill was taken up by the Liberals in the budget bill, Bill C-48, requiring you, as of last year, to come under the Auditor General's microscope.

What will Bill C-2 change in the accountability requirements you now come under since the passage of Bill C-48? Is my summary succinct enough?

[English]

**The Chair:** Go ahead, Ms. Corbeil.

[Translation]

**Ms. Suzanne Corbeil (Vice-President, External Relations, Canada Foundation for Innovation):** For CFI, Bill C-2 will not really change anything in our way of doing things. In practice, what will change will be the way in which we will proceed to implement a system that will be a little more bureaucratic than what we have had up until now.

We have dwelled on the fact that what is presently proposed will be such that the protection of personal information and privacy by CFI will be trickier for us. As for the process, we are already moving in that direction: various motions and the funding agreement have been improved so as to integrate all of these aspects.

**Mr. Benoît Sauvageau:** Thank you.

**Mr. Michael Sheridan:** The Auditor General made mention of no problem with regard to the Canada Health Infoway. Half of our work relates to pursuing the investment program process. Bill C-2 will not have much of an impact on our daily activities relating to reporting and investment programs.

**Mr. Norman Riddell:** As for the Canada Millennium Scholarship Foundation, the Auditor General did not detect any problem. Just like you, we had thought that with the passage of Bill C-48 the government had authorized the Auditor General to audit the Foundation's activities and accounts. Government representatives informed us that an additional authorization would be required, and we believe that this is provided for under Bill C-2.

• (1830)

[English]

**The Chair:** Two minutes.

[Translation]

**Mr. Benoît Sauvageau:** I have no further questions.

Madam Guay? No.

Thank you very much.

[English]

**The Chair:** Ladies and gentlemen, these bells mean that we have to go and vote. I'm sorry to inconvenience you.

We will reconvene moments after the votes are completed; you'll have to wait, I'm sorry, until then.

We're recessed.

•(1831) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1907)

**The Acting Chair (Mr. Alan Tonks (York South—Weston, Lib.)):** We're continuing the committee meeting, just with another chair. The chair has another matter to look into. So we're going to continue.

I believe, members of committee, we are now on a seven-minute question period for the NDP.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Lucky me. Thank you.

First of all, thank you for patience and for your presentations.

I just wanted to ask you a couple of questions, and maybe I could just go right across the table to the panel.

I and the committee are interested in, and have talked a lot about, the appointments process, and it was touched on by some of your presentations. I'd like to know, just for matter of fact or record, how appointments are made to your respective boards.

**Dr. Eliot A. Phillipson:** In the case of the Canada Foundation for Innovation, the board consists of 15 members. Seven members, including the chair, are GIC appointments. The other eight are appointed by another group of 15 individuals, who are called members and who are analogous, if you will, to the shareholders of a company. They represent the broader public interests; so there are people from the private sector, the academic sector, the non-government sector. So the members appoint the remaining eight board directors.

**Mr. Michael Sheridan:** At Canada Health Infoway, the board is basically appointed by the members. The feds have two appointment positions on the board, one is a member, while the federal Deputy Minister of Health appoints the chair of the board. There are five members appointed from each of the five regions of Canada, and the regions appoint their own representatives to the board at that time. And there are six independent directors who are appointed by the members at the annual general meeting.

**Mr. Norman Riddell:** The governance structure of the Canada Millennium Scholarship Foundation is similar to that of the CFI. The numbers are a little different. We have a 15-person board, six members of which, including the chair, are appointed by the Governor in Council; the other nine directors of the foundation are elected by 15 members of the foundation. Originally, six of the 15 members of the foundation were appointed by the government, and the other nine were chosen by the first six. In the future, if any member should leave, the remaining members would elect a new member.

**Mr. Paul Dewar:** Thank you for that.

In terms of data management, I'm curious how it is done in your respective organizations, because this is an access to information piece, and a privacy piece in some instances—and the privacy piece is of utmost concern to all of you, and certainly to our committee. In other words, is it contracted out to another firm? If it is, we've had some concerns, generally speaking, with institutions and their information being shared, and sometimes lost, and sometimes found in not-so-secure locations.

So I'm just curious as to how your respective organizations do the data management. Is it contracted out? Is it done through your own shop? How does it work?

•(1910)

**Dr. Eliot A. Phillipson:** In the case of the Canada Foundation for Innovation, the data management is all done within the organization.

**Mr. Michael Sheridan:** In the case of the Canada Health Infoway, I think we need to understand that Infoway does not hold the data or hold the electronic health records or the information associated with it. That's a jurisdictional data and information holding.

**Mr. Norman Riddell:** Most of the data that the Canada Millennium Scholarship Foundation holds on individuals is transferred to us electronically by the provinces. It's transferred into one computer, and then moved manually onto another computer that has no connection at all with the outside world.

**Mr. Paul Dewar:** Okay. So strictly speaking, all of the data management you're doing upon receipt of the data is done in-house?

**Mr. Norman Riddell:** That's correct.

Now, obviously we need to use that data. For example, we are required to write to students. If we're issuing 100,000 letters, we contract that business out, and the contractors who are working for the foundation sign a code of conduct, with conflict of interest rules, as part of the contract they have with the foundation, which binds them to respect exactly the same rules as we are required to respect regarding the information. To date, we have not had any difficulty with any information going astray.

**Mr. Paul Dewar:** Thank you.

I have no more questions, thank you.

**The Acting Chair (Mr. Alan Tonks):** Thank you, Mr. Dewar.

We'll now go to Mr. Lukiwski.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Thank you, Mr. Chair.

Dr. Riddell, before I get to my question, I have a fairly simple question first—from curiosity, being from Saskatchewan myself. How long has it been since you left Saskatchewan and were in the employ of the government?

**Mr. Norman Riddell:** I left Saskatchewan in 1988.

**Mr. Tom Lukiwski:** Yes, I thought it was the late eighties. Well, it's good to see you again.

The question I have relates to an intervention made by one of our previous witnesses, the Canadian Federation of Students, who stated in their brief that they were very interested in Bill C-2. As one of the components of Bill C-2 on access to information that they mentioned, they really wanted to see access to information extended to the Canada Millennium Scholarship Foundation, because they felt there were many questions they had, and quite frankly some concerns, that weren't being, at the present time at least, addressed in terms of accessibility.



There seems to be a bit of a disconnect, because—correct me if I'm wrong—you mentioned in your opening comments that most or almost all of the information concerning the scholarships, the recipients, the grant amounts, etc. is contained on your website. Is that correct?

**Mr. Norman Riddell:** Yes, that is correct. In fact, if you go to the foundation's website, you will see a map of Canada. If you click in that map on your province, you will see exactly how much money in each of the foundation's programs is going to your province. If you want to break it down by institution, you will find how many students, how much money to students in the institution, and you can also do it by riding. If you look at the total expenditure of the foundation, which is now running roughly at \$370 million a year, at least \$350 million of it would be covered completely by the information that's on the website.

Other expenditures, of course, are administrative costs, the costs of doing research, and so on.

**Mr. Tom Lukiwski:** Is there anything you can come up with that the Canadian Federation of Students would want to see, in terms of information that isn't presently given to those who ask for it?

**Mr. Norman Riddell:** I don't think there's any information they would want to see that we would refuse to give to them now. If they request it, they will get it. Sometimes it takes quite a long time to get information. I'll give you an example.

We received a request about a year ago at the foundation for all the contracts the foundation had let since it was established in 1998. It took some time to put that together, because our operating model has us contracting out legal services—all kinds of services are contracted out. There were hundreds and hundreds of contracts. It took us a while, but we answered the question. We do not refuse to give out information.

We would refuse to give information with respect to individuals, because we need to protect their privacy; we would refuse, under our current practice, to reveal discussions we are having with either the federal or provincial governments regarding negotiations for the putting into place of our programs; we would refuse to provide information that is a result of our consultation with our lawyers. But these are very similar exemptions, if you like, to those being proposed in the bill.

• (1915)

**Mr. Tom Lukiwski:** When was the Millennium Scholarship Foundation first established?

**Mr. Norman Riddell:** It was established as part of the 1998 budget. It received the money in the summer of 1998, the executive director—I myself—was hired at the beginning of 1999, and we made our first awards in 2000.

**Mr. Tom Lukiwski:** What was the total of the funding you received in 1999?

**Mr. Norman Riddell:** It was \$2.5 billion.

**Mr. Tom Lukiwski:** Have you had any subsequent injections of funding from the government since that time?

**Mr. Norman Riddell:** Not from the Government of Canada. We have had a grant of \$4.3 million from petroleum and gas companies in Canada to run a scholarship for people who are in need and who

are entering undergraduate programs of interest to that industry. Out of that \$2.5 billion we have received, by the time we finish the current mandate—which will be at the end of the 2008-09 academic year—we will have probably issued, out of the original \$2.5 billion, somewhere around \$3.2 billion of student financial assistance.

**Mr. Tom Lukiwski:** I have one more question; then I'll cede the rest of my time to my colleague.

Do you suspect, then, that at the end of the 2009-10 fiscal year funding would have dried up and your foundation may be in a position either to request more funding or would wind up operations?

**Mr. Norman Riddell:** Under the current legislation, the foundation is required to spend the capital and all interest in 10 years, beginning from the first issuing of a scholarship by the foundation. So our directive in obeying the law is to reduce the endowment to zero at the end of the 2008-09 academic year. At that time it will be a matter of decision for the government as to whether we receive more money.

**Mr. Tom Lukiwski:** Thank you.

I'll cede the rest of my time, Mr. Chair, to Mr. Poilievre.

**The Acting Chair (Mr. Alan Tonks):** Mr. Poilievre, please.

**Mr. Pierre Poilievre (Nepean—Carleton, CPC):** Yesterday we heard from the Canadian Federation of Students. They talked about the need for whistle-blower protection for researchers. They claim that a lot of influence is being exercised on researchers, that the results of research are being unduly influenced, that there has been wrong-doing at university levels in research faculties. They would like federally funded research to be accompanied by federally provided whistle-blower protection.

I'm wondering if you have any views on that kick in general, given that I imagine the Foundation for Innovation has some role in research. Can you shed some light on whether you think that would be a good idea—Mr. Phillipson, in particular?

**Dr. Eliot A. Phillipson:** Thank you for the question.

We have an internal whistle-blower policy related to our own activities. In terms of whistle-blower legislation or mechanisms at the institutions, I'll remind you that we fund institutions—that is, there have to be researchers behind the applications, but our applicants are the institutions—and they will have whistle-blower legislation. But I certainly see no objection to having whistle-blower legislation in which CFI would be involved in one way or another.

**The Acting Chair (Mr. Alan Tonks):** Thank you very much. I think that concludes this round. We appreciate your being here.

We apologize as a committee with respect to the break in the cadence of the meeting, but as you can appreciate, votes do come. Thank you for the wonderful work you're doing.

We're going to try to move along quickly. I'd like to now invite the deputants who were slated for 6:40 p.m. to come forward, please: the Canada Foundation for Sustainable Development Technology, Genome Canada, and the Canadian Health Services Research Foundation.

While we're doing that....

Mr. Sauvageau.

• (1920)

[*Translation*]

**Mr. Benoît Sauvageau:** Mr. Chairman, would it be possible to ask the representatives from the National Arts Centre to be here tomorrow evening, if we wish to finish up by 8 p.m., or to be included with these witnesses? I would prefer that they be invited back tomorrow evening, but I leave it up to you to decide.

**Ms. Monique Guay (Rivière-du-Nord, BQ):** It seems that we would have time tomorrow evening.

[*English*]

**The Acting Chair (Mr. Alan Tonks):** Thank you, Mr. Sauvageau, and Ms. Guay.

We have the clerk discussing that with them, and if that is going to be possible, then I think I see agreement that it would fit into the committee's deliberations for tomorrow evening. The clerk is going to report further on that. Thank you for raising that issue.

Welcome, Ms. Sharpe, from the Canada Foundation for Sustainable Development Technology. Also, we have Christopher Bredt.

From Genome Canada, we have Mr. Godbout. Thank you, Mr. Godbout.

From the Canadian Health Services Research Foundation, we have Sister Elizabeth Davis, the chair. Sister, welcome.

And we have Jonathan Lomas, the CEO of that foundation. Mr. Lomas, welcome.

If I have the committee's consent on this, it has been suggested by Mr. Sauvageau that we combine the panels. The National Arts Centre is in agreement with that. We'll just direct our questions after their presentations as if it were one large panel.

It seems, Mr. Sauvageau, Ms. Guay, that's all right.

So we also have the National Arts Centre and Mr. Leighton.

Okay, Mr. Leighton, you have an associate with you?

**Ms. Darrell Gregersen (Chief Executive Officer, NAC Foundation, National Arts Centre):** I'm Darrell Gregersen, the CEO of the foundation for the National Arts Centre.

**The Acting Chair (Mr. Alan Tonks):** Good. Welcome.

All right, maybe we'll just start at the top. The general procedure is that we provide a few minutes for introductory comments. We'll go down the line and have introductory comments as appropriate, and then we will go into our questioning routine.

Perhaps we'll start with Ms. Sharpe, president and CEO of the Canadian Foundation for Sustainable Development Technology.

Ms. Sharpe.

**Dr. Vicky Sharpe (President and Chief Executive Officer, Canada Foundation for Sustainable Development Technology):** Thank you very much, Mr. Chairman, and committee, for an opportunity to address you this evening.

I would briefly like to state that SDTC was created by the Government of Canada as an arm's-length organization to bring to market clean technologies—clean air, climate change, clean water, and clean land—that contribute to the economy and the environment of Canada. We've built an entrepreneurial capacity, and fund projects with a consortium of companies that must contain at least one for-profit entity, and which prove out the technological viability of the technologies so they are available for commercialization by the private sector downstream of us.

We essentially operate much like an early stage venture capital company, providing made-in-Canada solutions to real world industry needs. This is evidenced by the fact that 80% of our consortia are led by the private sector, and 89% of the funded portfolio of 75 projects is comprised of SMEs. We are unusual in the substantial amount of leveraging of government funds that we have achieved, that is, in a 3:1 ratio. We have placed \$169 million, as leveraged by \$449 million, of which 60% is from the private sector. Early results from SDTC's funding show that Canada has the opportunity to be in a leadership position in the oil and gas sector, and the transportation, agriculture, and forestry sectors.

As for the issues that we see in front of us with this bill, unfortunately the breadth of it will compromise SDTC's ability to carry out its mandate. Historically, SDTC has operated under a strict regime in protecting its applicant information as proprietary and confidential—requirements that are, in fact, stipulated in our funding agreement with the government as a necessity, if applicants are to provide full and detailed information enabling us to select the best projects with the greatest potential for helping Canadians.

While there are some protections under the bill, SDTC would not be able to guarantee confidentiality to our clients, which at this stage in their development of their technologies is of high sensitivity in terms of public disclosure. As I mentioned, the leveraged funding that comes from the private sector is also made on the basis of an opportunity for future profit, which cannot be realized if the information is in the public domain. Therefore, the willingness of entrepreneurs to apply to SDTC and to provide the detail and quality of information that we would need to be able to assess them would be compromised as a result of this uncertainty, thereby significantly limiting SDTC's ability to select the best projects and to obtain leveraging of taxpayers' dollars from the private sector.

We, therefore, respectfully request that SDTC be supplied an exemption for this type of information, similar to that allowed for the Business Development Bank of Canada and EDC, where the law did recognize that they could not carry out their mandates without the ability to provide assurances of confidentiality. SDTC has provided, under non-disclosure agreements, due diligence information to BDC on some of our companies for downstream support.

The second issue is that the degree of sophistication required of SDTC to select technologies with high potential from over 2,800 companies, with some 57 different technology groupings, cannot be performed without detailed and confidential methodologies to screen and evaluate these opportunities, and the input and guidance of a wide range of highly skilled experts. Should these confidential methodologies, or the expert reviews, or even the names of the experts, be made available, it would enable lobbying of these experts and gaming of the process, all of which would affect the integrity of what is currently a highly objective, non-influenceable selection process.

• (1925)

Additionally, to provide benefits from SDTC's funding, we have developed a proprietary tool that contains confidential information from our applicants, enabling SDTC to focus on the areas of greatest return to Canada. This addresses the primary barriers to market and industry adoption. The results of this model, of course, are very widely available on the Internet and in presentations across the country, but we have trademarked the model. Therefore, we also request that SDTC's proprietary methodologies, and the expert reviews and their names, be exempted from the act. We also request that our scoring methodologies be kept confidential, so they may operate in an objective fashion and be protected from influence.

• (1930)

**The Acting Chair (Mr. Alan Tonks):** Could you wrap it up, please. Thank you.

**Dr. Vicky Sharpe:** In summary, this will have a significant impact on the ability of SDTC to get our job done.

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

**The Acting Chair (Mr. Alan Tonks):** Thank you, Ms. Sharpe, for your presentation.

Mr. Bredt, if you don't wish to make a presentation, that's fine. Thank you.

From Genome Canada, Mr. Godbout, could you make your presentation, please.

**Dr. Martin Godbout (President and Chief Executive Officer, Genome Canada):** Thank you, Mr. Chairman, ladies and gentlemen. Thank you very much for inviting Genome Canada to come here in front of this committee on Bill C-2.

First, you will find that we have provided you with a package of all of our information, and we have provided you with one table. To make your life simple since your time is very important, we would like to attract your attention to a very simple table.

First, I have to make a statement that Genome Canada is a private, not-for-profit corporation, incorporated in February 2000 under the Canada Corporations Act, part II. For any attorneys in the room, you will understand what this means: it is not a federal agency and it is not based on an act of the Parliament. Genome Canada was created by the private sector, and pretty much like Mrs. Sharpe just mentioned, it's managed like a venture capital company and was created by entrepreneurs and scientists. Genome Canada operates at arm's length from government. It is not a department, an agency, or a crown corporation. It is not subject to the Financial Administration

Act. Industry Canada's relationship with Genome Canada is governed by a funding agreement.

You will find in the package the following three documents. First, there are the bylaws of Genome Canada. We will not provide you with the corporate governance manual, because of its thickness, but if you need any information in your deliberations, we encourage you to look in the table at the column "Corporate Governance Manual" and you will find all of the items there, and we'd be delighted to provide you with that information.

In the package we have also provided you with the latest funding agreement with Industry Canada, and finally, you will find the corporate plan that was submitted to Industry Canada in February 2006, the latest version that we have. And for transparency, we have also provided you with the high-level cashflow of all the revenues and investments—actual, present and future—of Genome Canada.

Like any private corporation, Genome Canada is governed by a board of directors, elected from among the directors. So it's like a corporation; we select who should be on the board, and we consult the minister for advice, but the directors are not nominated by the Government of Canada. We want to ensure that we cover all the regions of Canada, the genders, and the attributes of our board members. We have a board of sixteen people, five of whom are ex officio, including the president of the Canadian Institutes of Health Research; the president of NSERC, the Natural Sciences and Engineering Research Council of Canada; the president of the Social Sciences and Humanities Research Council of Canada, the third granting council; and finally, the president of the National Research Council.

The reason that the presidents of all of these research council agencies are ex officio members of the board of Genome Canada is to ensure that we are not duplicating what these agencies are doing so well.

We have all of the committees that a typical—even publicly traded—company has, from an executive committee to compensation, audit, investment, election, and corporate governance committees. So that takes care of governance.

We have internal policies, but most of the policies are directed by the agreement that we signed with Industry Canada, from whistleblowing to reporting, to membership and investment policy—because we manage a substantial amount of funds—emerging policies, a data release policy, confidentiality, and conflict of interest. You have the whole list there in front of you.

On the accountability side, I would again attract your attention to the funding agreement with Industry Canada. We have to produce annually a corporate plan, which we hope Industry Canada can table before Parliament. This corporate plan includes the planned expenditures, the objectives of Genome Canada for the next years, and performance expectations. We just went through a compliance audit, mandated by Industry Canada, to make sure that Genome Canada is in compliance with the funding agreement. And those are all the accountability issues.

• (1935)

We're here to answer your questions. We feel that Bill C-2 as it is right now has no impact on Genome Canada.

**The Acting Chair (Mr. Alan Tonks):** Thank you, Mr. Godbout. Of course, what you didn't cover probably will be followed up on in questions. Thank you for that.

Now we'll hear from Sister Elizabeth Davis, chair of the board of trustees of the Canadian Health Services Research Foundation.

Sister.

**Sister Elizabeth Davis (Chair, Board of Trustees, Canadian Health Services Research Foundation):** Mr. Chair, honourable members, thank you for the opportunity to be here today.

Our foundation, one of the first created by the federal government, was designed to support evidence-informed decision-making in the organization, management, and delivery of health services through funding research, building capacity, and transferring knowledge.

Our programs are supported by an endowment of approximately \$110 million plus the significant contributions of more than two dozen partner organizations. These programs include support for applied health services in nursing research and researchers, the dissemination of research findings to those managing and making policy for the health system, and the training and support of health service executives in how to use these research findings in their day-to-day work.

Our stakeholders, therefore, are the Canadian people as well as the researchers and decision-makers working to improve the health system. As a publicly funded foundation, we expect to be held accountable and we wish to be held accountable to the Canadian people and to these stakeholders. One of our guiding principles, therefore, is transparency. We see ourselves being held accountable for two things—our fiscal prudence and propriety in the use of public funds, and the effectiveness and impact of the programs we offer. Clearly these two are inextricably linked.

For our fiscal accountability, our audited financial statements are presented at a public annual meeting and posted on our website, and in our annual reports provided to the Minister of Health. Last year, in addition, we completed external and independent reviews of our governance, our enterprise risk, our internal controls, and our investments. We have acted on the recommendations from these reviews. Next year we will be doing a repeat compliance audit of our grant and award holders.

We routinely evaluate the impact of our programs and make modifications in line with the results. Our main programs have external evaluations built into their development, and all other programs are periodically evaluated by our in-house impact and program evaluation unit. We are preparing this year for our second five-year review of the foundation's overall effectiveness by an independent, external international review panel.

We have received acknowledgments nationally and internationally for these initiatives. Our first five-year review, which was done in 2002, included the receipt of more than 200 letters of feedback from our stakeholders. The review commented on the foundation's growing reputation for innovation and responsiveness to stakeholders' needs. The review noted that, if anything, we had been over-evaluated in our first five years, and they commended us for our internationally peerless work.

In 2003 England's comptroller and auditor general identified our work as a best practice for commissioning research by government departments across England, and used us as a benchmark for their report to England's Parliament. In 2004 we were asked to speak about our work at a summit on health research of world health ministers in Mexico, a meeting organized by the World Health Organization. Last year our chief executive officer, Dr. Lomas, received an honorary doctorate from the University of Montreal in recognition of the work done by the foundation in better linking research to the workings of the health system.

The goal of our foundation is to maintain a balance between the two forms of accountability, the prudent use of public funds and the demonstrable impact of our programs. We are aware of the high risk of ever more resources being diverted to increasingly detailed fiscal and process accountabilities. Our challenge is to ensure that we are able to appropriately demonstrate accountability without doing so at the expense of the resources, flexibility, and innovation needed for our programs to have an impact in a timely way on the needs of our stakeholders and the good of the health care system.

● (1940)

To a small foundation like ours, Bill C-2 in its current form appears to strike this appropriate balance.

We look forward to your questions and comments.

**The Acting Chair (Mr. Alan Tonks):** Thank you, Sister Elizabeth.

We'll go immediately to Dr. Leighton for his presentation.

Dr. Leighton, please.

**Mr. David Leighton (Past Chairman of the Board, National Arts Centre):** Thank you, Mr. Chairman.

As I'm sure all of you know, the NAC was set up in 1969 to provide a federal agency that would compete at world-class levels in the performing arts of music, dance, and English and French theatre. At the time, it was consciously structured, as a crown corporation, to be at arm's length from government.

I have been chairman of the board of the National Arts Centre for the past seven years. My background is that I have published extensively on the subject of corporate accountability and have extensive experience on boards of both profit and not-for-profit organizations.

I am co-author of a book entitled *Making Boards Work*, and I was a member of the Dey committee appointed by the Toronto Stock Exchange to examine corporate governance in Canada. Our 1994 report, *Where Were the Directors?*, has had a major influence on corporate governance in this country.

My colleague Darrell Gregersen is with me today. She is the National Arts Centre's executive director of development and CEO of the National Arts Centre Foundation. Darrell is one of Canada's most experienced fundraisers, joining the NAC after leaving the major gifts program at the Hospital for Sick Children in Toronto. Under her leadership and from a standing start about six years ago, the National Arts Centre is on target to raise \$10 million a year from private sources to fund our artistic and educational activities across Canada.

We'll be able—and anxious—to answer any questions at the end of our brief presentation.

We believe in and have encouraged a policy of openness at the National Arts Centre, and the centre supports the move to bring the NAC under access to information. We congratulate the government on finding a balance between the need to provide greater levels of transparency for crown corporations and the need to protect certain types of information relating to our competitive business. That is, we support the goals of the draft legislation, but we want to avoid creating unintended negative consequences unique to our operation, consequences that would severely hamper our ability to fulfill the mandate under our act. Our concerns are in two areas dealt with in the draft act—namely, artistic contracts and fundraising.

The draft legislation recognizes that all contracts negotiated between the NAC and individual artists are presently confidential and that it is necessary to continue to provide some protection against the disclosure of the amount we pay a director, a designer, or a performer. Many leading artists would not perform at the NAC if this information were to be made public. In addition, if the fees the NAC pays for artists were to become public, it would seriously undermine our ability to secure certain artists. In other words, we operate in a highly competitive artistic milieu.

The other area where the draft legislation provides some protection is with regard to our ability to fundraise in the private sector with individual donors and corporate partners. The National Arts Centre is the only federal agency with a major strategic commitment to fundraising from the private sector and individual philanthropists. We now generate approximately 50% of our revenue from non-government sources, and we expect that percentage to go to 60% by the end of the decade. We are projecting a contribution level of \$10 million a year in fundraising revenues, or 15% of our total budget annually, by 2010.

This fundraising revenue is the major factor that has enabled us to fulfill our strategic plan over the past six years, with specifically three objectives: first, to raise and maintain artist standards at world levels; second, to become truly a national arts centre; and third, to invest heavily in educational activities.

●(1945)

In fundraising, the relationship between donor and recipient organization is a highly personal one. The donor must believe that the institution to which financial and other resources are being entrusted is willing and able to ensure the highest standards of confidentiality should the donor so wish. Any breach of the trust between donor and recipient would severely damage the donor-NAC relationship. Individual donors often disclose highly personal family

and financial information when discussing possible support for our organization.

**The Acting Chair (Mr. Alan Tonks):** Could you sum up now, please. Then we'll go to questions.

**Mr. David Leighton:** I'm coming right to the end, sir.

We need to be able to give donors an absolute assurance of confidentiality, and not one that is contingent upon a third party agreeing that the donation should not be disclosed.

In conclusion, we are pleased with the manner in which the draft legislation has provided us with some protection for information related to both artists and donors; we are also very pleased that it has opened up access to information generally, and are very supportive of that fact. We would urge the committee and Parliament to keep these protections in the final legislation.

Thank you.

**The Acting Chair (Mr. Alan Tonks):** Thank you, Dr. Leighton, and thank you to all the deputants.

Members of the committee, because we have a limited amount of time, I'd suggest that we try to cut our questions to five-minute parcels, and then after we get through everybody, we can see if we wish to extend the time. Do we have agreement on that? Good. Thank you.

Seeing no opposition to that, perhaps we will start with Mr. Murphy, and then we'll work our way down through the opposition. Thank you.

[*Translation*]

**Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.):** Thank you, Mr. Chairman.

First of all, I would like to thank you all for your presentations. I have a few questions, but they are all for Mrs. Sharpe. However, I would like to stress that I fully understand the position of Genome Canada. Mr. Godbout, I clearly understand the gist of all your comments, and I fully agree that Genome Canada is not part of the scope of this bill. This is why I do not have any questions for you.

[*English*]

Sister Davis, I likewise respect your view—and yours as well, Dr. Leighton—that you have no large problems with the bill. So without any disrespect, in the interests of time, I just want to focus my questions on Sustainable Development Technology Canada.

I'm a bit miffed, actually, not only because it's late, but also because we've been meeting a long time for many hours, and it seems to me that with proper homework, this organization should have been left in the same position as Export Development Canada. It clearly was set up—whatever you think of the previous government—to meet the purpose of innovation and to keep it at arm's length from meddling by government. It's a testament to how well it works that on page 32 of their annual report, there are some 15 directors who, variously, have been board members of Petro-Canada, Chrysalix Energy, Fortis, the University of Waterloo, Falconbridge, Parr Johnston, and Jacques Whitford. I mean, everybody's there but Gwyn Morgan—and maybe my friends opposite could find a spot for him there.

**An hon. member:** Oh, oh!

**Mr. Brian Murphy:** But seriously, the governance of SDTC, with a 15-member council from various universities across Canada, first nations, and the Federation of Canadian Municipalities, reflects a well-managed, very transparent organization that is audited by Peat Marwick or KPMG—I forget which.

The point is, what are you doing here and why are you under this regime? I agree with you totally that you have transparency, and confidentiality is going to be an issue here. You're on the same footing as any other group that wants to encourage innovation but doesn't want to let out secrets, if some person decides they want to get more into why somebody got money and somebody didn't.

I guess my comment to you is, how strongly do you feel that you should be exempt from this law?

• (1950)

**Dr. Vicky Sharpe:** Thank you very much for your characterization.

We feel extremely strongly. I was speaking with the chairman of the board, and I have to say we do have extremely strong governance and capability there. The chairman of our audit committee is the head of Falconbridge. We were looking at Sarbanes-Oxley implementations early on.

It is very serious for us. We do not avoid, at all, any issues around general accountabilities, and I did not have time to list all the areas where we do post on our website, and provide to Parliament, our annual report, our annual report supplements, and our corporate plans.

I should also mention that in the last 18 months, we have just been through a series of compliance audits from Natural Resources Canada, which we passed. We undertook an early third party evaluation for lessons learned to improve the efficiency of our program.

We have also been working with the Auditor General. We will be the first foundation that she will have a performance report on this fall. It's a performance, value-for-money audit under the Commissioner of the Environment and Sustainable Development. I cannot say what the outcome will be, but I can't say we're worried about seeing the material before Parliament.

We've also just finished our interim evaluation. We consider ourselves to be respectful of the fact that we have taxpayers' money. We do believe that we are highly accountable. We report about what we can, but we are severely concerned that we will not be able to continue to be efficient or to engage the private sector to the level of success that we have.

I believe the issue around innovation in Canada, and the capacity of our entrepreneurs to take their products to market, from which we then see profit flow back into the innovation chain, is severely at risk, particularly in clean technologies.

**Hon. Stephen Owen:** Mr. Chair, please—

**The Acting Chair (Mr. Alan Tonks):** You'll have to be very fast.

**Hon. Stephen Owen:** Thank you.

Very briefly, Ms. Sharpe, just on that issue, the Canada Foundation for Innovation, through its peer review process—I'm wondering if it's parallel to your concern about researchers—keeps peer reviewers anonymous so they're not compromised in the process. Is that something that would assist you, or is that something you do in any event?

**Dr. Vicky Sharpe:** Currently, we do not give the list. No one knows who has done the peer review. Obviously, with the breadth of technologies, we are obliged to use that kind of expertise. They are well-known individuals, and they would be lobbied if they were known, so we do provide the same protection.

**Hon. Stephen Owen:** Thank you.

I'll just finish by congratulating all of you and thanking you for the fine work that your organizations provide for Canadians.

**The Acting Chair (Mr. Alan Tonks):** Mr. Sauvageau.

[Translation]

**Mr. Benoît Sauvageau:** Thank you. Good evening to all.

For starters, if you have specific amendments to Bill C-2 to bring forward, I would invite you to send them to us as soon as possible. I do not know if you were here earlier, but a member tabled a motion that compels us to submit our amendments before noon on Friday. They need to be checked by the Law Clerk and Parliamentary Counsel. Therefore, I would say that we need them at the latest tomorrow morning. This seems to surprise Mr. Petit.

My first question is directed to all of you, except the representatives of the National Arts Centre. Are all of you subject to audits by the Auditor General, under Bill C-48, an Act to authorize the minister of Finance to make certain payments, which was passed last year?

• (1955)

**Dr. Martin Godbout:** As far as Genome Canada is concerned, in our new agreement with Industry Canada, the Auditor General may audit our books at the request of the minister.

**Mr. Benoît Sauvageau:** Very well. So the accountability is there.

Does that go for you also?

[English]

**Sister Elizabeth Davis:** Yes, the Canadian Health Services Research Foundation is also under the Auditor General.

[Translation]

**Mr. Benoît Sauvageau:** Madam Sharpe.

[English]

**Dr. Vicky Sharpe:** We have several audits where the OAG may be nominated as the auditor of preference. That obviously includes the performance, not just the financial side of things.

[Translation]

**Mr. Benoît Sauvageau:** Those of you who said, specifically Mrs. Sharpe, that confidentiality is very important for your clients...

**An honourable member:** [Editor's note: inaudible]

**Mr. Benoît Sauvageau:** I believe the National Arts Centre is not audited by the Auditor General.

[English]

**Ms. Darrell Gregersen:** The National Arts Centre is audited by the Auditor General. The National Arts Centre Foundation is a separate charitable organization, which is audited by Deloitte & Touche.

[Translation]

**Mr. Benoît Sauvageau:** I did not think it was so. Thank you.

Would those of you who said that confidentiality is absolutely essential agree to add an amendment or section that would say something like this:

While they may be consulted by the Integrity Commissioner, the organization's principals may refuse to communicate documents containing information whose disclosure is likely to compromise the integrity or independence of fundraising activities.

In the case of the CBC, it would be the gathering of news.

In other words, if an inquiry is being held, the Integrity Commissioner would be able to consult documents that are not public to assist him in writing his report.

**Dr. Martin Godbout:** As far as Genome Canada is concerned, we solved that problem a long time ago. The names of reviewers are not disclosed. We disclose the names of all members of the panel. The research scientist does not know who will assess and validate his or her file. There is an advantage in this: the scientist could tell you, for example, that you have a conflict of interest regarding his application, but tell Mr. Tonks that he has none. The researcher has the opportunity, two weeks before the assessment, to tell Genome Canada, for example, sorry, but such and such a reviewer has a conflict of interest in terms of disclosure. This is a very transparent approach.

Reviewers' reports are anonymous, in other words no one knows who wrote them. But they are made public. Anyone, at the request of the minister, can get information on the report. We cannot post them on the Web, because we are talking about 4,000 pages. It has already happened: Minister Emerson, at the time, requested, under the Access to Information Act, a specific piece of information. We accepted and asked the researcher if he had any objection. It was anonymous, and so we provided the information that he needed.

We can go pretty far in terms of transparency, without getting into a conflict of interest and without breaching confidentiality.

**Mr. Benoît Sauvageau:** Thank you very much.

I do not have any other questions. Does anybody else want to answer?

[English]

**Dr. Vicky Sharpe:** We still have this fundamental concern that whereas you could say third-party confidential information should be protected, the very fact that it is done on a case-by-case basis, that it requires assessment, that it requires technical knowledge to do so, and that the onus is on us to provide that—plus the SMEs that are part of our portfolio, the large part it—means that burden is very high. But the real risk is that whereas we have historically had all the

documentation to guarantee protection, there is not a possibility that we will be able to guarantee that in the future.

It's that lack of guarantee that is the crux of our concern, and I don't see it being removed unless we are exempted like the BDC.

**The Acting Chair (Mr. Alan Tonks):** Thank you, Ms. Sharpe.

We'll now go to Mr. Dewar.

Thank you, Mr. Sauvageau.

**Mr. Paul Dewar:** Thank you to the panel for your presentations. It's a real pleasure to have you here. I understand, from the look of some of your lapels, that a couple of people have been honoured with the Order of Canada. So thank you for your service to this country as well as for presenting tonight. And thanks to all of you for taking the time to present to us on what is a fairly substantive piece of legislation.

I don't have enough time to go to each of you and ask you questions. I will make the comment, Sister Davis, that I wasn't aware that you have gone international, if you will, with your experience, and that's something I'm glad I was here tonight to know about.

I do want to talk about the public appointments process. There has been some talk of it recently, in fact in today's press. With respect, Mr. Leighton, I want to talk to you directly about your take on the appointments process, because I'm very concerned that we're going to miss the boat on this.

In our party we had proposed before the last election what we called "ethical appointments". My predecessor, Mr. Broadbent, put it forward and in fact passed it in Parliament as a motion that all parties agreed to. Many motions are passed in Parliament and not all are carried out and followed.

But what he put his finger on was to have the Government of Canada develop skills-based, competence-related criteria for all appointments. That would include board members, senior officials of crown corporations, and other government agencies. There would be a standing committee to review it, and these criteria would specifically address the non-partisan nature of these appointments.

You've mentioned in the past your concerns around how people are appointed and the merit, if you will, within their appointment.

To go further, the motion stated that the government submit the criteria to the appropriate standing committee to look over so that everyone would understand what the criteria are, and that there be a public release and committee-approved criteria for each of those appointments. So there would be something there in the public domain to say this is what the appointment is about, these are the criteria, and then match it with the actual appointment—to have oversight into that so we can take away the poison of partisan politics, if you will, within the respective agencies that you're all involved with in varying degrees.

I would like to know if you agree with that; and further to that, if we don't take that responsibility on, what are the implications for agencies, boards, and commissions?

• (2000)

**Mr. David Leighton:** I do agree with it. My only reservation would be with how far down in the organization you go. I think the really important priorities in appointments are at the board level; they should be at the board level.

There's a further element in the governance of our crown corporations, at least, and that is that the chief executive officer should be appointed by and answerable to the board. This gives the board power and an interest in making the system work. Whereas under the current system with so many of the crowns, where the chief executive is an order in council appointee and the board members are order in council appointees, all you really end up with is an advisory board.

I think empowering the board is the critical priority. There have been several attempts made to do that, but I think it is time we got on with it. I think the consequences are not ones that I would want to contemplate.

**Mr. Paul Dewar:** Just to follow up, to clarify, I agree with you. There are 3,000-odd appointments out there, and the intent would be to have that at the level of the people who are at the top and then to empower them, as you said, to go ahead and deal with matters in their own purview.

The last question I had for you is, in your experience—and you've been on many different boards, you wrote the book, as they say—is there a model you can point to, be it within Canada or other jurisdictions, that you can say, maybe not in whole but in part, we should look to and say that is the one we should adopt and that's the method that would work here for us for agencies, boards, and commissions?

**Mr. David Leighton:** I'm not sure there is one model. The British Columbia government made a really fine attempt to try to make sense out of the appointments process and created a position within the premier's office that was responsible for gathering biographical data, identifying individuals, classifying the requirements for particular jobs, and criteria. It has worked very well, to my knowledge, at the provincial level. In fact, I confess to having consulted that individual within the premier's office on several occasions with regard to west coast appointments.

• (2005)

**The Acting Chair (Mr. Alan Tonks):** Thank you, Mr. Dewar and Dr. Leighton.

We'll now go to Mr. Petit.

[Translation]

**Mr. Daniel Petit (Charlesbourg—Haute-Saint-Charles, CPC):** My question is for Ms. Sharpe.

I understand your foundation would like to not be subject to Bill C-2. It would like at least an exemption for its commercial practices, some protection for the people who do business with you, and so on, just like what EDC gets under the present legislation.

We heard earlier today from witnesses who are journalists or are in a similar profession, notably Mr. Rubin and Mr. McKie. They said they want to access the information through the information commissioner, and get access to anything about your organization.

They told some horror stories, about pharmaceutical research among others.

I would like you to explain what you want and what you think. Are you concerned that Bill C-2 goes too far, that you would face a heavy burden or that people who do business with you would be dissuaded?

[English]

**Dr. Vicky Sharpe:** I believe that with full consideration of the accountability side we cannot see how the revealing of some of the particular information, the confidential information, our proprietary methodologies, will in any way improve our accountability and transparency in a way that will enable people to better understand. We are very open. We actually have a lot to do with the media, and send them information and announcements, etc.

When we talk with the applicants about how they have or have not done on these face-to-face meetings, they are told what works and what doesn't work. We have searched quite deeply to understand why there would be an improvement in understanding of what we do over and above a very extensive amount of information you'll find on our website that not only describes our process but how we go about it, who has been successful, and results.

It really does reside with the fact that these certain areas, which we are requesting exemption for, like DDC on the third party information, on our proprietary screening methodologies, and on the experts' names and their reviews, and also on our SE business case, that model, are critical to us being able to do our work.

As I said, I talked with the chairman and we've not been able to call a board meeting fast enough, frankly. He is very concerned and will be making representations that this will actually prevent us from doing the work we're doing. We're not been flippant about this. We have looked at it; we've obviously sought legal guidance. And frankly, because we know our applicants very well, both successful and not, because we've conducted so many evaluations, they have always told us that an important part of working with us is the trust that we have so far managed to demonstrate in keeping their very important information confidential.

[Translation]

**Mr. Daniel Petit:** I have a question for Mr. Martin Godbout.

Industry Canada is the main funding source for Genome Canada and the department is subject to Bill C-2.

How are you going to protect yourself against this power, since we can go through Industry Canada to reach Genome Canada? You are asking that your organization, which is included in part 2 and therefore at arm's length from government, be exempted, but we will be able to get at you through Industry Canada.

**Dr. Martin Godbout:** Absolutely. We do not have any problem with Bill C-2. Genome Canada has no problem with the government asking it for information.

I would like to return to the issue of confidentiality. I believe this is not being approached in the proper way. For Genome Canada, the concept of confidentiality is to protect the researcher who makes an application, rather than the reviewer, since the latter is anonymous.



We have no difficulty in disclosing the report of the reviewer, on request obviously, because we do not want to see negative reports splashed on the front page of newspapers. However, as far as confidentiality is concerned, our reviewers sign a confidentiality agreement, not to protect themselves but to protect the research scientist, because there is a lot of patentable material in the projects which are submitted to us. There are very large social and economic impacts.

So confidentiality aims at protecting the applicants for funding. Not one application would be submitted to Genome Canada—I repeat, none— if it were to be made public, for reasons of competition not only in Canada but in the world. Therefore, confidentiality aims at protecting the scientist, not the reviewer, because the latter is already guaranteed that his name will not be disclosed. However, we have no difficulty releasing the report itself.

• (2010)

**Mr. Daniel Petit:** Thank you very much.

[*English*]

**The Acting Chair (Mr. Alan Tonks):** Thank you, Mr. Petit.

Thank you, Mr. Godbout.

We've reached the time, as it's past 8 o'clock. I think it's been a long day.

We do appreciate your representations. You've covered everything from innovative technology and investments to the arts. That's a pretty wide spectrum. On behalf of the committee, thank you so much for the work you're doing in the community.

Members of the committee, I have a reminder that tomorrow at 12:15, the steering committee will meet in room 701 at La Promenade building, which is right across the street. Also, tomorrow, Wednesday, May 31, from 3:30 to 5:30, we're meeting in room 237C in the Centre Block.

Thank you to the translators. Thank you to John and his crew, who have helped to get us something to eat. And thank you for directing the cameras and making us look good.

Thank you very much. *Merci beaucoup.* Have a good evening.

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

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

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