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—
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Mr. Kevin Sorenson

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• (1535)

[English]

The Chair (Mr. Kevin Sorenson (Crowfoot, CPC)): I call this meeting to order.

This is the Standing Committee on Foreign Affairs and International Development. At this meeting, number 32, we are here to discuss Bill C-293, An Act respecting the provision of development assistance abroad, pursuant to the order of reference of Wednesday, September 20, 2006.

We'll hear in the first hour from the Department of Foreign Affairs, from which we have today, Michael Small, assistant deputy minister for global issues, and Alain Tellier, deputy director of the criminal, security and privileges and immunities law section.

We welcome you. Thank you for submitting text of the remarks you're going to make this afternoon. After your remarks, we'll go into the first round and proceed from there.

Do we have a question from Mr. McKay?

Hon. John McKay (Scarborough—Guildwood, Lib.): It's just a point of order, Chair. The Department of Finance is supposed to be here.

The Chair: Yes, they are here as well. We're going to hear from the Department of Foreign Affairs and then the Department of Finance.

Hon. John McKay: Are they going to present? I just wondered why they're not at the table.

The Chair: Not at the same time. We'll go through the Department of Foreign Affairs and then the other department, as we said last week.

Hon. John McKay: Is there a brief from the Department of Finance?

The Chair: Yes, there is.

Hon. John McKay: Have we got it yet?

The Chair: You should have it, or the clerk will circulate it.

Hon. John McKay: I don't have it.

A voice: You should have it.

The Chair: Welcome, and the time is yours.

Mr. Michael Small (Assistant Deputy Minister, Global Issues, Department of Foreign Affairs): Thank you very much, Chair.

[Translation]

Thank you for inviting me to appear before your committee. It is an honour for me to provide you with some of our observations on Bill C-293.

[English]

There are four basic points I would like to make today about the potential implications of draft Bill C-293. Under each point I will try to highlight for you the complications that could arise, depending on the final version of the bill, and complications that members may not have intended or have not yet had a chance to discuss or consider among yourselves.

First of all, in speaking about the “competent minister,” the bill needs to be sensitive to the diverse accountabilities involved in spending Canada's official development assistance—ODA, the shorthand term I'll use. The term “ODA” is a policy tool, negotiated among members of the OECD's development assistance committee to assist them in determining what kinds of international assistance should be counted as aid, and to give them, therefore, a basis for comparison of country-by-country aid statistics. It is not a definition that is established by legal statute.

[Translation]

For more than twenty years, and under different Governments, at least three different ministerial portfolios have been accountable for expenditure of Canadian ODA: the Minister of International Co-operation, who is responsible for the majority but not the totality of Canadian aid, through the Canadian International Development Agency; the Minister of Finance, who is responsible for Canada's participation in the Bretton Woods institutions, the world's largest providers of multilateral ODA; and the Minister of Foreign Affairs, who is responsible for payment of most of Canada's assessed contributions to international organizations, a percentage of which is counted as ODA; and increasingly various kinds of peace- and security-related development assistance, some of which also count as ODA.

• (1540)

[English]

While the amounts of ODA allocated to each of these three portfolios that I've just referred to will vary over time, this basic division of labour between ministers is likely to endure. Thus, there is no one minister at present, or likely to be in the future, with an overarching responsibility for the management of all Canadian official development assistance.

In addition, a significant percentage of Canada's ODA flows, currently about 3% or \$130 million, are disbursed by the International Development Research Centre, or IDRC. While IDRC reports to Parliament through the Minister of Foreign Affairs, it is an autonomous decision-making body accountable to its independent board, as constituted by the IDRC Act. As IDRC has pointed out in its own written submission to this committee, there is a risk that Bill C-293 may conflict with these important provisions of the IDRC Act.

My second point is that committee members may wish to examine more carefully the implications of the language relating to human rights in the draft bill in paragraph 4(1)(c), specifically the call for Canadian ODA to be "consistent with Canada's international human rights obligations". I specifically wish to focus your attention on the implications of the word "obligations" in this context.

Canada's human rights obligations derive from the international human rights treaties and conventions we have signed and ratified. These treaty obligations relate to the promotion and protection of human rights by the Government of Canada within the jurisdiction of Canada. Thus, the current reference to Canada's human rights obligations would have the effect of focusing the draft bill on the human rights of Canadians. It does not underline the role of ODA in promoting and protecting human rights internationally. Language to the effect that ODA activities should be "consistent with international human rights standards" would be in line with Canada's policy to promote and protect human rights internationally. Canada uses various review mechanisms, as specified by the human rights conventions that we have signed, to hold other governments accountable for their obligations for the human rights of their citizens. There is a risk that the reference to "Canada's human rights obligations" in the bill might go beyond current state-to-state obligations that exist in international human rights law. It could also implicitly reduce the emphasis on recipient countries' obligations towards their own citizens.

Thirdly, and turning to the specific responsibilities of the Minister of Foreign Affairs, it's important to point out that the poverty reduction test proposed in the act could affect the government's ability to fund core activities of a number of international organizations. That is because Canada's assessed contributions to different international organizations can, in varying degree, be counted as ODA, ranging from—and I'll give you a few examples—3% of our contribution for the World Intellectual Property Organization, WIPO, to 18% for the International Telecommunications Union, ITU, to 80% for the World Health Organization, and 100% for the Organization of American States, OAS.

I picked those to give you a sense of the range of the organizations. Those percentages, by the way, apply to all donor countries that claim official development assistance as part of their contributions.

The objectives of these organizations are varied, hence the different percentages of the contributions that can be counted as ODA. Canada is, of course, only one country among many that belongs to each of these organizations, and the programs and priorities of these international organizations are determined by their entire membership. Thus, the committee may wish to avoid asking the minister responsible for these contributions to certify that each of

these international organizations observe a Canadian-legislated standard for how it spends the ODA portion of its budget.

My final and most important point reflects on how tightly and how precisely the committee, and in future a government bound by the act, would wish to hold Canadian ODA expenditures to the goal of reducing poverty. This is a narrower focus for Canadian ODA than the OECD definition, which defines the goal of ODA as "promoting the economic development and welfare of developing countries".

Much of Canadian development assistance contributes to the goal of poverty reduction in developing countries, but some of it does so only indirectly and over a longer period of time, through such means as increasing citizen security, encouraging better governance, improving policies and policy-making capacity, and promoting respect for human rights.

● (1545)

The Department of Foreign Affairs, in particular through the human security program and the global peace and security fund, spends ODA for all the purposes I have mentioned.

I'll give you some examples from the last fiscal year of program spending, which has counted as official development assistance spent by the Department of Foreign Affairs. This could include mine action and education programs, or mine awareness programs; the deployment of corrections training officers to Côte d'Ivoire; the purchase and transfer of a secure e-mail system to improve international criminal justice cooperation in the Americas; witness protection training in Brazil; seminars on crime scene investigations in Central America; assistance in border management for the Palestinian Authority; human rights training in Indonesia; and support for the Colombian peace process.

Examples of potential funding for this current fiscal year from the Department of Foreign Affairs include financial support for the peace talks in south Sudan; support for prison reforms; gang member rehabilitation; the deployment of corrections officers and anti-money laundering activities in Haiti; and support for civilian peacekeeping missions via the RCMP.

While an indirect connection can be drawn between each of these activities and poverty reduction, a direct connection cannot be made in each and every case. If these kinds of programs and projects continue to be deemed worthwhile by Parliament, it would be unfortunate if they had to be terminated in order to comply with a strict interpretation of a poverty focus for Canadian development assistance.

Depending on how strictly the poverty focus for Canadian development assistance is interpreted, the government could be placed in the awkward position of, on the one hand, being expected to report these expenditures to the OECD as official development assistance, while on the other hand not being able to report them to Parliament as development assistance because they do not meet all the legal requirements of this act.

To conclude, I'd like to repeat what all G-8 leaders highlighted at their summit this past July in St. Petersburg, and I'm quoting now from the declaration:

Multilateral and regional organizations and states have focused significant resources on developing new tools for S&R in recent years. Individual states are trying to make better use of their national resources by integrating defense, development and diplomatic capabilities in support of joint planning and strategy for stabilization and reconstruction.

This approach has been welcomed and encouraged by the development assistance committee of the OECD, to which Canada belongs. The OECD currently has important programs under way to harmonize donor best practices in fragile states, to better understand and integrate security system reforms into development programs and to clarify how ODA in these contexts is both defined and applied by donors.

We're proud to say that Canada has been at the forefront of these activities designed to increase the coherence and transparency of donor activities in support of international peace and security.

Thank you for your time and your patience.

The Chair: Thank you, Mr. Small.

As I understand it, Mr. Tellier, you both are together. We'll go into the first round.

Thank you for coming and thank you, again, for the concerns that you bring forward here. As a committee, I think we all want to see some positive legislation brought forward, and we appreciate your input to that.

Mr. McKay for the first seven minutes.

Hon. John McKay: Thank you, Chair, and thank you for your presentation, Mr. Small.

I want to go through your four points, if I may, the first having to do with "competent minister". You seem to think this is a difficulty. The competent minister in the proposed bill is defined as being "any minister designated by the Governor in Council to provide development assistance". And you rightly indicated that aid is distributed by Foreign Affairs, by Finance, and by the CIDA minister.

I can't fathom your point, though. At any given time, any one or all is responsible and is "the competent minister". Are you inviting the committee to redefine the competent minister to be only the CIDA minister? It seems to me that this is the exact phrasing you need in the bill, because the minister responsible for distributing aid may well change over time. So I don't take your point.

• (1550)

Mr. Michael Small: Would you like me to respond to each question?

The Chair: It's Mr. McKay's time. He's asked that question, so go ahead and respond.

Mr. Michael Small: My point is simply the one that you've in fact made, that over time experience has shown that more than one minister and more than one portfolio is involved in expending official development assistance.

As I recall, there's one element later on in the act that refers to "the minister" in a reporting function, and I simply wanted to set the context for my subsequent remarks by reinforcing the role that at least three ministers and departments have made, including the two that have been called here today.

Hon. John McKay: My view of it is that the bill already responds to the issue you've raised.

Number two is with respect to your issue, "human rights obligations". I actually agree that we should change it to "international human rights standards".

So there are two points. The third point has to do with, if you will, the mix and the match of what is ODA-able and what is not ODA-able. I think points three and four of your presentation are actually the same point.

It is true, the core of the bill will require the relevant competent minister to draw a line between this aid and how it connects to poverty alleviation. If he or she is unable to make that connection, it doesn't necessarily terminate the aid; it just means it doesn't fall within the ODA definition.

Of the programs you list here, none is actually in jeopardy. What the issue would be is whether they fall within ODA, and if the relevant minister can't connect the line between the money and the ODA, then there's a choice to be made. They can either not pursue the program, or they can pursue the program but not out of ODA funds.

Is that a fair comment? Do you agree with that analysis?

Mr. Michael Small: Not completely. Let me present some clarifications that follow from the remarks I made.

First of all, let's take the case of the international organizations. I take the spirit and the direction you've been spelling out about how the act could be implemented and would be applied, and I appreciate them.

In the case of the international organizations—I cited several, and we could cite many more—the minister in question, or Canada, would remain a member of those organizations. We would, I think, continue to have an interest, because those can be counted as ODA and be recorded towards Canada's overall ODA expenditures. Certainly every other country that's a member, let's say, of the Organization of American States would be doing that too.

At the same time, Canada does not, of course, control those expenditures. They're something that is negotiated, and the activities cover a wide range of actions. With some of them you could draw a direct line to some programs, to poverty alleviation; with others you could not. But overall it's been determined that we would want to count a percentage, by a standard formula, of our contribution as ODA.

I take note of your point that this wouldn't terminate our membership in that organization. But there is an interest in, and I know this committee has debated in other contexts, Canada's overall ODA flows. Let me just point out that every country that is a donor also counts, because it's been determined legitimate to count them towards your ODA expenditures, a percentage of contributions to international organizations, and Canada is one of the relatively biggest donors to many of those organizations.

Hon. John McKay: I would discourage Canada from participating in any one of those organizations, and in fact from expanding its commitment to anything you've itemized here.

What I perceive Parliament to be telling the government is that there has to be some connection to poverty reduction. There has to be some connection to taking into account perspectives of the poor, which has to be connected to international human rights standards. It is an attempt to focus rather than to make it more difficult, if you will, for any minister.

• (1555)

Mr. Michael Small: Let me add two more points in response.

First of all, if I can go back to the “competent minister,” I also would like, in my first point, to call the committee's attention to the potential difficulties vis-à-vis IDRC and the IDRC Act. I wanted to put that on the record. They've written separately to the committee. It's something you may wish to take into account when you're considering the act.

Hon. John McKay: I've read their brief and I take their point. I appreciate that the director or the chair of IDRC reports in some fashion to a minister at this point in time. I think that's a separate issue, and maybe this committee would want to review the mandate of IDRC for the purposes of seeing whether it in fact is doing what Parliament asked it to do. In effect, in this bill Parliament is asking the government to be very consistent with poverty alleviation. I really don't have any serious objection to a review of the mandate.

Mr. Michael Small: The issue and the context of the points in which I raised it really reports to the IDRC's particular role under the act in terms of its reporting relationship. While it reports through a minister, it's actually decision-making bodies...it's accountable to its own board, so that's a factor.

The second larger point, which we can come back to and explore a bit further, is the one I pointed out, and it may already be well taken into account. There is a significant difference between the way ODA has been defined and progressively evolves over time, the definition, as it's applied by the development assistance committee, the OECD, and the approach you were just speaking of, of taking a poverty focus. There is a fair difference in breadth. That difference in breadth will have an impact on the application of the law and the way ministers choose to report expenditures to Parliament.

Hon. John McKay: I appreciate the point, but that is the point of the bill, that there has been some wandering off in a variety of directions, and this is an attempt to get us back to the point of poverty review.

The Chair: Just on the point that Mr. McKay makes, you're coming from the Department of Foreign Affairs. You've been in the department for some time; that's why you're here today.

If a government is moving toward the 0.7% of GDP, and if there is a very strict definition of what counts to reach this plateau, which all parties at this committee said is important that we work toward, are they going to want to spend a lot of money on very good projects as we are right now—that is ODA-able, if it can't be categorized under the ODA definition? What I'm saying is, do you think there's going to be the will to carry on these very good programs?

Mr. McKay says we can still do it, but speaking from a department side—you've been in the department in other governments—they're going to want to be able to include this to reach that plateau, aren't they?

Mr. Michael Small: Mr. Chair, let me try to respond without being speculative, because I don't believe that's my role as an official, but to comment on factors that certainly have been at play and that I think you might want to take into account.

One is that the existing definition of ODA as defined by the 30 countries that now are members of the OECD—and I think about 25 participate in the development assistance committee. That's out there; that's defined. It's a moving target; it gets renegotiated. It progressively gets expanded and has been over a number of years, certainly in the last ten years, largely in response to many donors' desires and not just Canada's alone, as the nature of development assistance changes, particularly to factor in more peace and security-related issues, to enable donors to count some of their expenditures that are related to the goals of development assistance as ODA. That will happen regardless of how Parliament chooses to legislate and how governments choose to act under the act.

Hon. John McKay: About 20% of your aid is not ODA-able now. Is that correct?

Mr. Michael Small: In terms of international assistance, I will have to check. I can give you that number before the end of the meeting.

Hon. John McKay: Somewhere in that neighbourhood. I don't have to be precise.

Mr. Michael Small: Absolutely, international assistance is given that is not ODA-able. I will give you a very specific example, and we can elaborate a bit more. The assistance that Canada gives to the AU peace mission, the peacekeeping operation in Darfur, is assistance to a military operation. That falls outside the definition of ODA.

In answer to the chair's question, yes, I think there are two forces at play. One is that under broad Canadian foreign policy there's going to be a strong desire to contribute to new and innovative forms of stabilization and reconstruction in promoting peace and security. That's why I cited that little piece from the G-8 communiqué, which is all eight of the world's leading economies and countries involved in this. At the same time, there is also a strong desire to make sure that when the public is concerned about when there's an interest in seeing ODA-GNP ratios, and other donors count everything they're entitled to spend as ODA, you also do so. That's a reflection vis-à-vis your own public and vis-à-vis other OECD members.

• (1600)

The Chair: Thank you, Mr. Small.

Madame St-Hilaire.

[Translation]

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Thank you, Mr. Chair.

I would like you to tell us a bit more about what you just said; I want to be sure that it isn't a translation problem or poor comprehension on my part.

From reading you, we gather that you are not very enthusiastic about this bill, but we don't really understand why. I heard your answer to Mr. McKay's question. In fact, you want international official assistance to stay as it is, while respecting the Millennium goals of reducing poverty.

Does the department reflect the government's position, that is, that official development assistance is also used, non-transparently, for military or security assistance? Is that what you meant?

Mr. Michael Small: If you don't mind, I'm going to answer in English, because I speak a bit slowly.

[English]

It's also easier, for me, frankly, to think through.

My fourth point was that certainly in the area in which the Department of Foreign Affairs is currently programming, which is largely peace and security, those programs have a number of objectives.

Poverty reduction is not a central objective of those programs. Some of them do contribute to poverty reduction. Many of them have an indirect connection. I think if you provide better security to citizens, or you promote human rights, or you reduce crime and help states become more efficient in using the resources they have, that will contribute, ultimately, to poverty reduction.

So in part to expand on my earlier comments to Mr. McKay, a line can be drawn back to poverty reduction, but what I want to put clearly on the table, because I think it's in the spirit of this discussion, is that the line is not going to be a direct one. It's nowhere near as direct a line as would be a project, let's say, that's meant to provide nutritional supplements to poor people or an infant care program.

Governments will have several different reasons and kinds of broad-form policy objectives that are also now recognized, and have been for some time, as being legitimate uses of official development assistance as determined by all the donor countries through the OECD. Using a poverty focus—and it depends on how strictly you want to draw it and how tightly you want to draw that line—means that in Canadian official development assistance, Canada would choose, under this act, to draw a connection to what it chose to consider official development assistance that is tighter than the latitude that other donors give themselves and will continue to give themselves, regardless of whichever direction the Parliament of Canada chooses to go.

I'd like to invite my colleague, Monsieur Tellier, who's been sitting here patiently, to also respond.

[Translation]

Mr. Alain Tellier (Deputy Director, Security and Privileges and Immunities Law Section, Department of Foreign Affairs): Thank you, Mr. Chair.

I'd like to add a few comments on the question you asked about certain activities that should or might be regarded as official development assistance. You also raise the question of whether the act risks having an impact on certain projects meeting the definition given in this development assistance act, but not necessarily meeting the poverty-reduction criteria, which are applied later. Sections 2 and 4 of the act talk about sustainable development and human rights.

I heard Mr. McKay earlier.

• (1605)

[English]

I will take the same opportunity to seek clarification. You were saying that the objective is not to block any activity, but for some of this activity, if it doesn't meet the poverty reduction test, it should be paid for otherwise.

Looking at the structure of the bill, I am wondering if that is indeed the effect, if it corresponds to development assistance, if it is an activity that corresponds to the definition. If you look at clauses 2 and 4, they seem to be saying that if it is development assistance and it does not meet the test, then it cannot happen. I am wondering if it could even happen using other money, because it would, in any case, fall under the definition of development assistance, and you have a provision saying development assistance has to contribute to poverty reduction.

Maybe it is not an intended effect, but maybe it is an effect of the bill as drafted currently.

The Chair: I'll give you extra time. I gave the Liberals some extra time, so you'll get some extra time.

[Translation]

Ms. Caroline St-Hilaire: Thank you very much. I'm not sure that it is any clearer; you need to be clearer in your statement.

In fact, you would like the notion of official development assistance to remain vague. Is that it?

[English]

Mr. Michael Small: I would say not—

[Translation]

Ms. Caroline St-Hilaire: We can't say it like that, but that's what you're implying.

[English]

Mr. Michael Small: I would say that the broad definition of "official development assistance" that's been negotiated by the OECD is one that Canada is comfortable with. We have participated in those negotiations. We see it as reflecting the reality on the ground, where you can be pursuing peace and security objectives as well as development objectives at the same time, often with the same project, but not always. It also corresponds with the interests and objectives of other aid donors too, who are responding to new forms and new situations that they encounter.

The kind of programming that Canada does in Haiti, which I'm sure you've discussed at quite some length in this committee, is a very good example of that. It's a classic poor country to which Canada has always provided development assistance, and I'm sure we will always, into the future. Given the security environment, that now includes quite a component of things that are aimed at restoring public order and building security institutions. Much of that, currently, is considered development assistance and contributes, in this form, I would argue indirectly, not directly, to combatting poverty, which is the greatest challenge facing that country.

So to try to answer your question directly, yes, I would argue that there's a good case for the broad definition that's currently recognized of ODA by the OECD and that Canada has worked under up until now.

[Translation]

Ms. Caroline St-Hilaire: How could we begin to give to something else, when we're far from achieving the objective of 0.7% of the GDP?

In your presentation, you say, and I quote:

The Committee will wish to avoid asking the Minister responsible for these contributions to certify that these international organizations recognize a made-in-Canada standard for how they spend the ODA portion of their budgets.

Why?

Mr. Alain Tellier: By referring to international organizations, including multilateral organizations, we wish to draw attention to the fact that, though Canada is an active member of these organizations, it is not always able to assert its views and have them accepted by the whole group.

Canada is a member of a number of organizations. As such, it has certain obligations, such as making financial contributions. If it must make a financial contribution and if decisions concerning the use of this contribution are made by all the members, or after the transfer of funds, it may be difficult for Canada to make an advance commitment on the way such funds will be used.

[English]

The Chair: Thank you.

Thank you for those good questions, Madame St-Hilaire.

We will go to the government side, Mr. Goldring.

Mr. Peter Goldring (Edmonton East, CPC): Thank you, Mr. Chairman.

Thank you, gentlemen, for appearing here today.

Recently we've been doing quite a bit of work on analyzing or studying democracy, and what can be done on foreign assistance in the area of democracy and good governance. You mentioned Haiti before, and it's very obvious that there's a lot of work to be done in that country too. And I share in some of the concerns that perhaps you would not want to see some of that good work fall by the wayside by want of a little more definition on it.

So am I to understand from your statements here today that the basic definition in the act—and very clearly I read that it's the purpose of the act to ensure that all Canadian development assistance abroad is provided with a central focus on poverty reduction—is very constrictive and that perhaps it could even be strengthened by mentioning democracy, human rights, maybe environment, some of these things, so that at least this would broaden it a bit to be sure to include some of those? Certainly I think it's well understood that if there is a democracy under way, good governance is there, and ultimately that will help the country, help the people, and help to reduce the poverty.

Is it your contention that it would strengthen this bill to perhaps have the basic definition broadened somewhat to include some of the basics like democracy?

•(1610)

Mr. Michael Small: Certainly for at least the last twenty years, Canada's development assistance, and that of other countries, has had those goals—democracy, human rights, environmental strengthening—as objectives. If that became incorporated into this act explicitly, as part of the definition, it would facilitate reporting more of the assistance that's presently given as directly meeting the stated goals of the act. That could help square existing programming and the goals that those are meant to serve with the stated aims of the act, that's correct.

I would like to respond to the last question, if I may briefly. I can certainly, in a subsequent round, provide other examples of how international organizations pursue activities that are not poverty focused, even if they are part of the ODA portion of what we contribute.

I'll just pick one small example. The Organization of American States, 100% ODA-able, has a significant, not a large, but a tangible cultural program. That's not poverty focused, but it's considered part of the overall work of the organization, and it does catapult towards our overall ODA numbers.

The Chair: Do you believe that would be in jeopardy?

Mr. Michael Small: When it comes time, I assume we're going to continue to be a member of the Organization of American States. I assume the member states will continue that program. When it comes time to report, and it's 100% ODA-able, the minister in question would have to explain to the committee that this is how international organizations work. They determine their overall goals and whether the majority of members want to carry on that program. It doesn't directly contribute to a poverty alleviation focus.

The Chair: Mr. Goldring.

Mr. Peter Goldring: Mr. Small, you mentioned the international definition of ODA. Is it in transition? Is there movement to try to broaden that definition? In what direction do you think the upcoming definition would be going—in the simplest of terms?

Mr. Michael Small: If you take as the definition the one that is negotiated at the OECD, on average, it would be about once every three years, when the OECD reconvenes.

At an earlier point in my career I participated and contributed to an OECD working group on conflict, peace, and development, which brought forward a series of important guidelines to help guide donor activity and aid activity in conflict situations. That has since been translated by the statistics committee into changing and widening the number of activities that donors can count as ODA. Most of the growth in that area has been due to changing forms of peace and security-related assistance. It is certainly not everything that governments do in terms of promoting peace and security. I gave the example of the African youth force that is counted as ODA. The line is drawn. It's a negotiated line, but it's definitely been widening in the last ten years.

Mr. Peter Goldring: It's gone beyond simply defining it as poverty reduction, has it?

Mr. Michael Small: That line was gone beyond quite a long time ago, at least ten years ago—in the 1990s.

Mr. Peter Goldring: With regard to some of the examples you used, could you think of any other examples, maybe elimination of national debt in certain circumstances, or other scenarios and situations for which you'd need a little bit more flexibility in the basic definition to be able to address it?

• (1615)

Mr. Michael Small: Actually, Mr. Goldring, my colleague from the Department of Finance is probably better placed to deal with those questions on debt reduction. I would ask him to respond. He'll be speaking in the next while.

Certainly we have counted both multilateral debt reduction, as well as things that Canada as the national government chooses to write off as ODA, if it's to a developing country.

Going back to your earlier question of a moment ago, I should also emphasize that the broadening of the definition of ODA has occurred at the same time as donors have repeatedly—as recently and importantly as in the millennium development goals—reasserted the importance of combatting poverty. The two are not in conflict with each other. You can have a policy goal of making poverty a principal focus of development assistance but at the same time regard your official development assistance as a flexible instrument to accomplish related international objectives such as peace and security. Certainly that's been itemized in some detail in the millennium development goals, which all donors and participating countries are expected to meet.

The Chair: Thank you, Mr. Goldring. You have half a minute.

Mr. Peter Goldring: Going back to the original question and debate on the competent minister—whether singular or plural—can you point out specifics in this bill that would give cause to that concern? Are there specific points in the bill that we should address?

The Chair: Thank you, Mr. Goldring.

Alain, do you want to respond to that?

Mr. Alain Tellier: One example would be in clause 5, which starts with “The competent minister”. I think there are one or two instances that refer to “the” competent minister; in other places I think the text uses “a” competent minister.

Mr. Peter Goldring: Thank you.

The Chair: How would you suggest that could be fixed?

Mr. Michael Small: I'm a little loath to actually suggest, given the fact that there are official amendments to the bill.

The Chair: We want a good bill here, and we want a bill that's going to achieve certain things. If there are technical problems and you have suggestions, we would take it as a suggestion, not as a—

Mr. Michael Small: I think where you have any references to “the Minister”, you may wish to look at recognizing, as Mr. McKay pointed out and I suggested in my remarks, that there will always be several ministers involved in this activity. Change it to “a Minister” or “a designated Minister” or “a competent Minister”—some language like that.

The Chair: Thank you, Mr. Small.

Madam McDonough.

Ms. Alexa McDonough (Halifax, NDP): Thank you very much for appearing this afternoon, gentlemen.

I just want to move very quickly through your points. On the first one, I don't see a single person in the room who doesn't fully acknowledge that there are several ministers who can have responsibilities. Accountability is required in relation to all of them, so whatever word change is needed, it's a simple matter to reflect what it is we agree upon here.

Secondly, with respect to the concerns raised about IDRC—I did appreciate receiving a brief from them, and I know you've made some comments—I think the fact that it really is an autonomous body accountable to a separately constituted board really doesn't bring them within the purview of what we're trying to do here, although I have to say that as a result of the recent trip of this committee to Europe, one of the things we came back appreciating is that we don't know and understand as much as we need to about what IDRC does. That's our responsibility, and I look forward to our doing more. We are hearing more about some of IDRC's initiatives from international contacts with whom we're meeting than we actually hear at home. So I think by bringing this to light, it's helpful. It reinforces our interest in doing that, but I don't see that this encroaches on that legislation. Nothing you've said here suggests otherwise. So unless you have some further comment about that, I'm satisfied that that's not a problem with the current draft.

Thirdly, again, I want to agree with my colleague, John McKay, that a change to international human rights standards would deal with the problem you've identified with the term “obligation”, so I would hope we could come to some consensus about that.

I want to move quickly to the cluster of comments you've made that have to do with what is considered ODA-able. I know we don't have time to fully discuss this the way we would like, but I just want to ask you flat out.... You've identified a number of things, starting with the World Intellectual Property Organization, the International Telecommunication Union, and so on, and then a number of program items—mine action, deployment of corrections training officers, and so on. Can I just clearly understand from you that those things are now ODA-able in terms of the definition that is being used under the OECD, with which we are complying? Now, I know not in their entirety; you explained that in some cases it's a percentage. But all of those items you've put before us are now ODA-able in some portion or in full. Is that the case?

• (1620)

Mr. Michael Small: Yes.

Ms. Alexa McDonough: I have to say—maybe I'm not fully grasping something—the fact that this is so actually makes me worry that we're doing even less about poverty reduction with our current ODA obligations than probably most Canadians believe, than even parliamentarians think to be the case, because we're coming nowhere close to meeting our obligations to the millennium development goals, nowhere close to meeting the levels of ODA that we should be delivering.

We've just come back from Europe, where it was utterly humiliating to be a Canadian, frankly, and trying to explain. People weren't even polite, off the record. They'd say, "What the hell has happened to Canadians? You know, we're just seeing no real progress, no real commitment." Every one of those countries had already committed to 0.7%, and some of them were actually close to 1%.

Am I wrong in my conclusion about that? Maybe it underscores why we need this legislation to actually make a real serious push on poverty reduction. None of it precludes these activities from taking place, but it does preclude a false notion of how much we're committing to serious poverty reduction. These can be supported because they have merit in their own right. Maybe some of them need to be under defence or somewhere else, but we wouldn't be getting false credit and giving ourselves a false signal of how much we're actually doing in the way of serious poverty reduction.

Mr. Michael Small: In your analysis, you and your colleagues on the committee may want to make a distinction between two things. One is the breadth of the definition of ODA and how it gets counted. The second is the volume of ODA that we expend, the total number.

The volume of ODA is a function of the amount of development assistance that governments choose and Parliaments approve. Currently Canadian ODA is steadily growing at 8% a year. That could change, depending on how governments choose.

Ms. Alexa McDonough: We're currently at what level today?

Mr. Michael Small: I think we're at 3.2% of our GNP. Of course, it's a ratio.

Ms. Alexa McDonough: Not 3.2%, but 0.32%.

Mr. Michael Small: It's 0.32%. Correct.

Ms. Alexa McDonough: And it's going to backslide because of three one-time infusions that aren't built into the core or aren't built into the base.

Mr. Michael Small: The distinction I'm making is between the volume of ODA, the overall global ratio, and the definition of ODA and its breadth.

While you were speaking, I glanced at the next round of discussions coming up. Among the countries that are pushing for or advocating supporting a further broadening of ODA to include more peace and security expenditures are the Netherlands and Finland, which are very high up on the total ODA-to-GNP ratios. They're much higher than Canada is. Countries like the ones you visited that have that goal and are at 0.7% or above it also share that same policy objective when it comes to the breadth of the definition.

Ms. Alexa McDonough: Is it not the case that when you have Finland at 1% and the Netherlands certainly beyond 0.7%—I don't know their actual figure—it might be more understandable that they would say, "We're delivering poverty reduction programs at a very high level; in fact, we're at three times what Canada is delivering"? Maybe we should be saying some of the things we're doing in regard to genuine capacity-building, genuine peace-building. Those might be considered for inclusion in the definition because we are going so far beyond our obligations. What would Canada's excuse be? Do you understand my point?

• (1625)

The Acting Chair (Hon. Bryon Wilfert (Richmond Hill, Lib.)): You have maybe thirty seconds.

Mr. Michael Small: The thing I would want to underscore is that contributions toward restoring peace and security can be of direct interest to the poor.

Ms. Alexa McDonough: Absolutely, and where there are direct interests, they'd be included in the ODA definition.

Mr. Michael Small: I don't see a contradiction between the two.

The Chair: Thank you.

Mr. Casey, please—and just as a reminder, the second round is a five-minute round.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Thanks very much for coming. There's certainly some interesting debate here.

You mentioned a number of issues that were covered with ODA funding. Some of them were mine awareness and mine action issues; corrections; witness protection; and stuff like that. When Canada signed the treaty on land mines—we were very active and led that issue—did ODA money go into the development of that treaty and the implementation of it?

The Chair: In terms of negotiation of the treaty, no, not to my knowledge. However, certainly in the very large amount of programming that has been allocated since the treaty came into effect in 1997, a large percentage of that is considered development assistance. It has been by other countries as well. For instance, under the most recent round of the OECD definitions, they've included land mine clearance as an ODA activity. Certainly, right from the beginning, land mine victim rehabilitation was considered ODA activity. So, yes, we've spent development assistance.

An important point that I should bring out applies to quite a bit of the peace and security programming. The calculation of how much of that we report as ODA often happens at the end of the fiscal year, after you've undertaken a project. You start from what the needs are and, in a particular situation, what your capability to respond is. You provide the kind of assistance that's required, such as, let's say, police training. Then, at the end of the year or overall project, you go back and look through your expenditures and determine how much of them fall within the agreed upon criteria and can be reported to the development assistance committee. In that respect, that's why we end up with different percentages—and I can give you some of those percentages, depending on the activity.

The peace and security kinds of activities start off as having that as a goal. Some of those activities contribute to poverty alleviation directly and some of them fall outside the ODA definitions completely, and they're reported after the fact. That would be true of the land mine activities, although over time they have increasingly become considered to be ODA.

Mr. Bill Casey: Does not ODA money go into a border issue with Palestine and Israel to deal with alleviating the pressure there? Do we not invest money there?

Mr. Michael Small: I should point out that this was expended in the last fiscal year before the most recent elections in Palestine. That was in a period in 2005 when Canada was working very hard with the Palestinian Authority and with Israel on improving security and management of the borders and border security in that region.

Mr. Bill Casey: Exactly how did that money get spent? Was that spent on poverty or human rights, or was that a practical application of funds to manage the borders?

Mr. Michael Small: That particular example was a project for about \$25,000 that was managed by the Canada Border Services Agency in cooperation with the Palestinian Authority. It was disbursed under the human security program of the Department of Foreign Affairs, and it came as a result of a mission that a number of departments of the day led to the Middle East to see how Canada could contribute to the Middle East peace process through various kinds of assistance. CBSA found that managing borders, making more secure borders, was one area in which assistance from Canada was asked for by partners and we were able to respond.

• (1630)

Mr. Bill Casey: What I'm driving at here is that I would agree we need a little broader definition of how to use the ODA money, because, both in land mines and this example, they wouldn't qualify under the definition in the bill as it is now, and perhaps we could loosen it up some.

Mr. Alain Tellier: Once again, and I apologize, maybe this is too focused on the actual text. Because of the way the text actually reads, if you broaden the definition of development assistance, what you do is you have a broader range of activities covered by the bill that are then subject to the test in clause 4, which may not be a bad thing. Once again, my reading currently is that if it fails to meet the test, then there is a difficulty in carrying out the activity because it is covered by the bill.

Mr. Bill Casey: So the definition and the test in clause 4 would both have to be changed to widen the scope.

Mr. Alain Tellier: They have to be looked at together, I would say.

Mr. Bill Casey: Thanks very much.

The Chair: Thank you, Mr. Casey.

There have to be ways that we can keep poverty reduction as the main thrust of it, but not negate some of those other very good programs by saying, oh, they don't fit the criteria. There has to be some way in this act to include some of these but still keep focused on poverty reduction.

Mr. Wilfert, I believe.

Hon. Bryon Wilfert: Thank you, Mr. Chairman, and thank you for coming, Mr. Small.

In the United Kingdom's aid agency, DFID, poverty reduction has been the primary focus of their development assistance since 2002. The agency, in my understanding, has legislation that is very similar to ours. Can you provide the committee with any evidence that with respect to the United Kingdom's membership in multilateral groups,

organizations, contributors have been affected or jeopardized as a result of the U.K. law? Has the law in any way affected contributions?

Mr. Michael Small: I'm not as familiar with the U.K. law as my colleagues from CIDA, who I believe were giving some evidence to you last week and followed up. I can certainly say that from my own knowledge of multilateral organizations, the U.K., including DFID, remains actually a leader in doing innovative programming in a lot of the areas that I've been speaking about. They do that even within the way their legislation is currently drafted. So you may wish this committee, if you haven't already, to look carefully at that. It has some differences from the act that is currently before this committee. I don't have the two bills in front of me, so I'm not able to make a comparison, but I can tell you how the U.K. acts. It is certainly a trendsetter, as is DFID on its own, certainly in peace and security programming. My Department of Foreign Affairs has collaborated specifically with the U.K.

I'll give you an example from personal experience. About six years ago, we worked with them as a primary partner in developing a training module for gender awareness for peacekeeping operations. We chose DFID to be the partner for that, and it brought along its Ministry of Defence, and actually that module has since been rolled out and is now core curriculum in all UN peacekeeping operations.

They are people that many countries look to. I think that's squaring the circle. As a matter of policy, as I alluded to before, like our own aid agency, they absolutely make poverty reduction an overarching focus of their goals, but that does not inhibit them from being able to pursue quite a few of the other sorts of objectives that I've been describing and that Canada also does in the examples I gave.

The reason I really put these examples forward was in the spirit of discussion to give committee members, if you hadn't previously had a chance, to get a sense of the range of activities and objectives that—in this case I'm speaking from Foreign Affairs, which is engaged in it and involves ODA—can be pursued at the same time by programming that's considered official development assistance under the current arrangements.

Mr. Alain Tellier: If I might just answer in thirty seconds, I'm not very familiar either with the U.K. act, but my understanding is that it refers specifically to the Secretary of State for International Development spending, which means that other spending, such as contributions to multilateral organizations, once again, I would expect to fall under the portfolio of the Minister of Foreign Affairs. It would thus not be covered by that specific piece of legislation.

Hon. Bryon Wilfert: Okay. Having enunciated the four areas you raised and heard in response to Mr. McKay, as the author of the legislation, would you say now that the issues you've raised are more ones of execution than of substantive concern?

•(1635)

Mr. Michael Small: The issues I've raised are issues that I think the committee will want to take into account when you review the final wording of your bill. As committee members, you want to weigh up what kinds of activities you'd like to see Canada pursuing internationally and how they are reported by ministers directly to Parliament, which is the intent of the act. Some of the points I've raised have already been agreed to by a number of the committee members and clearly are not contentious.

After all, the act, as I understand it, largely focuses on reporting and on clarity and accountability rather than on delivery, but in reporting, that also relates back to how Parliament relates to the government of the day. That's where I see those considerations coming into play.

So the wording that is chosen in definitions and key terms in the act will clearly have an impact on how ministers choose to report programs and how they explain the connection to poverty, to democracy, to environmental sustainability, and to any other issues that are considered important by the committee and that become part of the final act.

May I just cite a fact, because it was asked earlier by Mr. McKay, about percentages? There is a certain percentage of Canada's international assistance that falls completely outside of the definition of ODA. Last year, that amounted to roughly \$227 million out of approximately \$3.8 billion. So it's not a large amount, but it's a tangible amount. And there are certain programs, in particular the program for decommissioning of various weapons systems in the former Soviet Union, which is managed by the Department of Foreign Affairs and which is an important G-8 commitment, that fall completely outside the ODA definition. There are other things as well.

You can work out the percentages. It's not 20%. It's probably more on the order of about 9%.

The Chair: Thank you, Mr. Small.

Just in conclusion, is it just about receiving credit? Is it all about that we want to get credit? If we're going to give money to it, we want to get credit. Is that what it's all about? Or is there anything else, internationally? Maybe I shouldn't word the question.... Is it about getting credit back home for reaching this 0.7 % goal, or is there anything else on the international field that benefits Canada by being able to include this type of development aid as ODA?

Mr. Michael Small: I think it's first about wanting to make sure that Canada continues to have flexible foreign policy instruments, and aid is unquestionably one of the central ones that responds to various challenges that we see around the world in failed and failing states and in states that are poor and needing development. Then, second, it's about being clear that those instruments have to function coherently and will serve a variety of purposes, and those purposes are often mixed together and can be accomplished at the same time. Third, and that's the objective of the act, as I understand it, is about enabling ministers to account to Parliament, clearly, as to how those moneys serve a variety of purposes.

It's a matter of the act being drafted in such a way that ministers can report, in a straightforward fashion, how public money is being

spent and to which of a variety of different foreign policy ends and objectives, much of which is counted as official development assistance as presently defined internationally.

The Chair: Thank you very much, Mr. Small and Mr. Tellier, for your presentations today.

We will suspend for a very short period of time. Committee, don't leave. Don't run around. We're going to get going with the Department of Finance.

Thank you.

• _____ (Pause) _____

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•(1640)

The Chair: All right, committee, we'll call this meeting back to order. It's still meeting number 32.

We're going to go into the second hour, when we will hear from the Department of Finance. Today we welcome Mr. Graham Flack, the assistant deputy minister of international trade and finance branch, and Don Hermosa from the law branch.

I think you were here and privy to the discussions we had with the foreign affairs department. It's always good to hear the concerns that the different departments have.

We'll follow the same type of procedure we had during the first hour. We will wait for your comments, and then we will go into the first round and the questioning.

Mr. Flack.

Mr. Graham Flack (Assistant Deputy Minister, International Trade and Finance Branch, Department of Finance): Mr. Chair, I'm in your hands.

I provided remarks in advance this morning. Given that we're running behind schedule, I'd be more than happy to spend two or three minutes hitting the high points, so that there'd be more time for questions, or I could read the full remarks. It's really your choice. I'm in the committee's hands.

The Chair: I'd suggest that you go ahead and go through them. We have time here today. There's nothing pressing.

Mr. Graham Flack: Would you prefer the summary version? I can do it quite quickly, maybe in three or four minutes. I'm in your hands.

The Chair: I'd like to have you put it all on the record.

Mr. Graham Flack: Thank you for the invitation to come here. I'm hoping to provide information, and I know there were some questions in the previous committee meetings about the Department of Finance's role in the Bretton Woods institutions in particular and in development assistance.

As you're aware, most of the activities of the Department of Finance don't deal with development assistance. We're responsible or draw authority from over 143 statutes, one of which is the Bretton Woods and Related Agreements Act, which is clearly the most relevant in terms of development assistance, and I understand that's reflected in clauses 9 and 10 of the bill.

The Bretton Woods act lays out the minister's authority with respect to contributions to the World Bank and to the IMF. There are three main development assistance payments made by the Minister of Finance: first, contributions to the interest-free lending window of the World Bank, called the International Development Association; second, contributions to the low-interest lending window of the International Monetary Fund, called the poverty reduction and growth facility; and third, payments under the multilateral debt relief initiative, under which donors are financing 100% relief for eligible countries from their debt with the IMF, the World Bank's IDA, and the African Development Fund. This year, the department will make payments totalling \$367 million for those three items. This is out of a total international assistance budget for Canada of about \$3.8 billion.

Along with the authority to make payments, the Bretton Woods act also sets out reporting requirements for the Minister of Finance that are statutory and require us to report to Parliament on an annual basis. I've quoted section 13 of our act, and I believe that was distributed to you along with the report that the Department of Finance submits each year in this area. Section 13 requires us to submit

a report containing a general summary of operations under this Act and details of all those operations that directly affect Canada, including the resources and lending of the World Bank Group, the funds subscribed or contributed by Canada, borrowings in Canada and procurement of Canadian goods and services.

I note that this particular language in section 13 is echoed in clause 10 of the bill.

Finally, the Bretton Woods act also sets out the Minister of Finance's role as Canada's representative on the board of governors of the World Bank and the IMF. As governor, the Minister of Finance exerts his influence through exchanges of views at the annual meetings of the board of governors of these institutions.

So these are the discussions that deal with the World Bank and IMF's broad policy agendas. The day-to-day decisions are actually delegated to a 24-member executive or board. These executive directors on the board are nominated by the governors of the constituencies they represent, but I'd point out that they're employees of the bank and fund. They're not employees of their home governments.

Another important point is that our executive directors at those two institutions don't represent Canada alone. There is not a Canadian executive director. The executive director represents Canada, Ireland, and a number of the Caribbean constituencies. So there's not a uniquely Canadian individual who just represents Canada at those institutions—and that's relevant, as you're going to see later.

I'll move on with some comments on Bill C-293. There are three areas I'd like to highlight. The first is the potential impact on the Minister of Finance's legal powers in non-development-related areas. I assume from the testimony I heard earlier and the comments of committee members that this is unintended, but our legal counsel raises serious concerns that this may be an unintended effect of the legislation, the way it's currently worded. The second is the potential blurring of accountabilities set out under the Bretton Woods act with regard to reporting. The third is the disclosure limitations due to the

confidentiality rules imposed on the World Bank and IMF executive boards.

In terms of the Minister of Finance's powers, I'll divide it into two layers. This discussion already began in the earlier hearings. It's a question of the scope of the definition of "development assistance", as contrasted with what can be spent under clause 4. I'll give three examples of how it's potentially problematic.

● (1645)

The contribution Canada makes to reduce money laundering in a developing country would likely fall under the development assistance definition Mr. McKay has put forward to the committee. They would be funds provided to a developing country that advance the economic development of that country by having a better banking system. But one could make a strong argument that the primary focus of anti-money-laundering funds is not poverty reduction. The concern about how the bill is written right now, and any activity that falls under that definition of development assistance, is that the government would be stopped from spending money in any of those areas of that broad definition of development assistance that don't have poverty reduction as the primary goal. It's not that we couldn't just count it as ODA; we actually couldn't spend money in that area.

That's the primary concern we're putting forward—areas of spending of the Department of Finance like anti-money-laundering. Another area is unilateral tariff relief. It may have a positive impact on the economic development of developing countries, but its primary objective is not poverty reduction.

I don't think that was the intention of the bill, but counsel are very concerned that this is the effect of the existing legislation. Activities that would fall under a broad definition of development assistance, including anti-money-laundering, unilateral tariff relief, and even bilateral debt relief in countries like the former Yugoslavia, would be subjected to the test of poverty reduction. If they failed that test, the government would not be allowed to provide funds in that area.

On bilateral debt relief, for example, you will recall that the government provided such relief in the former Yugoslavia following the Balkan conflicts. This type of assistance easily fits under the definition of development assistance; however, the driver for providing the relief was not the underlying prevalence of poverty in those countries. It was a recognition of the financial reality that in light of the particular challenging economic and financial situation, the country did not have the capacity to make its debt service payments over the coming years. Had Bill C-293 been in place, the minister might not have been able to deliver this type of assistance, as it would have been difficult to establish a direct causal link between the debt cancellation and poverty reduction, as required under clause 4.

Even within the Bretton Woods institutions, and particularly the World Bank, there are areas where we would potentially not be able to provide funding because it would fall under the broad definition of development assistance but not meet the poverty test.

If I could cite one example here of the World Bank private sector development agencies—the International Finance Corporation and the Multilateral Investment Guarantee Agency—the primary vehicle through which they provide assistance is funding to private sector organizations in those countries. Over the long term, the hope is that funding will eventually improve the state of the economy in those countries, which will help all citizens, including the most poor.

But when payments are made at the front end, it's difficult to make a direct link between a grant or risk insurance provided to a small company and poverty reduction. The concern is that with the broad definition of development assistance and the limiting factor that only those things that reduce poverty are allowed to be funded, the government would be prevented from contributing to these important World Bank agencies, to which most other countries in the world contribute.

The second point is around blurred accountabilities. As I mentioned earlier, the reporting requirements of Bretton Woods make it clear that the Minister of Finance is accountable for operations under the act. Indeed, it sets out a clear reporting requirement for the Minister of Finance that results in an annual report to Parliament.

Clauses 9 and 10, as I read them, will now create three reports on development assistance: one by the CIDA minister, and a second report for the Minister of Finance in clause 10, which is largely duplicative of a third report we do right now and which I believe you have; it is the Bretton Woods Act report that the Department of Finance already submits. So there's a danger here of some blurring of accountability in terms of who's accountable to Parliament to report on what. Under Bretton Woods, it's clearly the Minister of Finance who's accountable.

• (1650)

Perhaps I could address one particular concern, and it's a high one that is shared by the representatives of Canada at the World Bank and at IMF institutions. That regards the confidentiality rules in those institutions.

Paragraph 10(b) of the legislation, and it's echoed in paragraph 9 (1)(d) of the legislation as well, requires that the minister present to Parliament:

a summary of any representation made by Canadian representatives with respect to the priorities and policies of the Bretton Woods Institutions;

The World Bank's policy on disclosure of information and the IMF's transparency policy both require that certain items discussed by the executive director and the board of governors be confidential. To provide an analogy, the executive director meetings are not unlike cabinet. In order to encourage a full and frank exchange of members, the information that is shared between members at those meetings is kept confidential. That's enshrined in the articles of the IMF and the World Bank, which provide, in perpetuity, archival immunity for this sort of information.

As I mentioned, there's a second problem. If you're trying to decipher "Canada's position" at these agencies, the representative of Canada is not uniquely the representative of Canada. They're also the representative, in our two constituencies, of Ireland and the major Caribbean countries. So deciphering the position they ultimately

took at a committee...even if we could get over the confidentiality hurdle, determining which part of that position was exactly Canada's position is just not possible given the way the institution is structured.

I'd point out that this sort of protection is also identified in our own Canadian legislation, in the Access to Information Act, which provides specific exemptions for information given in confidence from foreign governments or international organizations like the IMF and World Bank and where the disclosure of information could reasonably be expected to be injurious to the conduct of international affairs.

Given the frank nature of exchange in the meetings, were Canada to publish a detailed summary of the position it took, let's say, vis-à-vis the performance of another country's economy in the IMF proceedings, that could have a market impact in terms of what we're saying and where we think the country should go, but it could clearly have a state-to-state impact that's a potential concern.

This doesn't mean we can't report on any of the representations made by Canada. For example, as a matter of practice, though it's not required in law, we do, as part of the Department of Finance report on the Bretton Woods institutions, provide the positions adopted by the board of governors and the Canadian positions on all those resolutions taken. We're just highlighting for the committee the challenge around trying to push this to a point where our executive directors would be put in an impossible position of providing us information that would be in breach of their confidentiality requirements.

In summary, there are three essential concerns that we'd like to raise before the committee.

The first is in regard to the definition of development assistance in clause 4. If there's a broad definition of development assistance, it risks capturing activities like anti-money-laundering, which, under clause 4, we would not be allowed to fund because they don't have poverty reduction as their primary goal.

So we're raising that particularly from the Department of Finance perspective because the Minister of Finance is responsible, has ultimately the residual authority under the Financial Administration Act to spend in any area. If you restrict the Minister of Finance so that he cannot spend in a particular area, that is, development assistance that does not have poverty reduction as a goal, we're in effect preventing the Government of Canada anywhere from operating in that area. We think that's problematic.

The second is on the reporting requirements. We have an existing report on the Bretton Woods institutions. Indeed, paragraph 10(d) replicates the language of our report. I'd point out that only 12 of 185 member countries actually provide such a report. When Ireland recently added themselves to this list, they used Canada's report as a model, so we think it's a good report. We're worried that clause 10 simply duplicates that.

While I too am a friend of the pulp and paper industry in Canada, I think we should avoid anything that simply replicates the reporting so that we have the identical text in two reports.

Finally, on confidentiality, the new element in that reporting requirement, we're highlighting the difficult position we'd be putting Canada's representatives at the institutions in, to the extent that they were called upon to breach their confidentiality requirements. We would reveal, in effect, what are the equivalent of cabinet confidences.

Thank you.

•(1655)

The Chair: Thank you, Mr. Flack, for your presentation.

We'll go into the first round.

Mr. McKay.

Hon. John McKay: Thank you, Mr. Flack.

This is out of curiosity. This is your report that you already prepared. Does it meet confidentiality standards?

Mr. Graham Flack: It does. Along with the United Kingdom, we are the two countries that have pushed the limits to the extreme of this in providing, where we abstain or vote nay, an indication of it in the report.

•(1700)

Hon. John McKay: What would be the limitation on putting in a chapter, if you will, or putting in a paragraph in order to respond to Bill C-293? How would you handle putting in, "These are our efforts to do poverty reduction in accordance with our obligations under the Bretton Woods agreement"?

Mr. Graham Flack: I guess, sir, the concern is with the language you have, which is not a summary in general, but a summary of any representation made by a Canadian representative with respect to the policies and priorities of the World Bank. Those representations are confidential, as they are for all other members, so providing a summary of each and every one of those representations would put our executive directors in a breach of confidence position.

Canada has tested the limits of this provision, along with the United Kingdom, in the two reports we have on this, where we provide, where the countries say nay or abstain from a particular motion, an indication that we had done so and why.

The concern, if we're to provide a summary of any representation made, is that there are two issues. First, there is not a uniquely Canadian representative. The representative is also the representative of Ireland, so it's hard to disentangle from the soup what exactly the Canadian piece is.

The second is, we can't put them in a position where they're reporting on things that their contract with the World Bank and IMF

Hon. John McKay: But you've disentangled from the soup now Ireland's interest and the Caribbean's interest. You've disentangled from the soup, for instance, gender issues. You've disentangled what is uniquely Canadian in your reporting requirement right now. And presumably, at this point, you meet confidentiality requirements.

I'm a little perplexed by your representation that you can't disentangle Canada's poverty reduction initiatives, given the voluminous material you have before you. Am I missing something? You're still going to be bound by what you say is the access to

information legislation, which I agree with: information given in confidence from foreign governments or international organizations that could reasonably be expected to be injurious. It's not in here. Why would Bill C-293 expect to change that?

Mr. Graham Flack: Bill C-293 says we'd need to provide a summary of any representation made. It doesn't say a summary of any representation consistent with the confidentiality requirements of board members or consistent with the Access to Information Act. It says that of any representation we make, we need to provide a summary.

Hon. John McKay: But the Access to Information Act is not going to go away if Bill C-293 passes.

Mr. Graham Flack: Well, lawyers are going to have read the two together. What counsel are telling me is that as written now, this implies an obligation for us to go further than we are doing in the existing report, and if it does, that causes us concern.

But our broader point is that we have an existing report that does all of this. I guess we're asking the committee what the purpose is behind clause 10's creating a separate Department of Finance report that duplicates the identical thing.

Hon. John McKay: Well, it may be acceptable to Parliament that this be the report, as long as you disaggregate something to do with poverty alleviation.

I'm running out of time here, so I'll just move on from that.

The second issue you raised is that these are some of the things we can't do—anti-money laundering and unilateral relief—and you use the Balkans as an example. But subclause 2(2) of the bill contemplates "all Canadian development activities" that should "be provided in accordance with the principles of sustainable development". Why wouldn't debt relief to the Balkans or trade relief to a specific country be in accordance with sustainable development? Presumably, that's a good idea.

Mr. Graham Flack: As counsel advises me, the challenge is this. You have a definition of "development assistance" that's broad, and that's fine, but it would include things like anti-money-laundering. You then have in subclause 4(1) a prohibition on a minister providing funding under that broad definition of "development assistance" unless it's focused on poverty alleviation. So if something fits within a broad definition of "development assistance", as anti-money-laundering would, but does not have as its primary objective the reduction of poverty, it wouldn't be just that we couldn't count this as official ODA, it would be that ministers would be stopped from spending any money in that area. That's the concern that counsel is raising.

From the committee testimony, it didn't appear that this was the objective, and I appreciate that. But what I'm being advised is that the potential here is that for the first time in history the Minister of Finance, under the Financial Accountability Act, will be restricted in his general prerogative to spend money.

•(1705)

Hon. John McKay: So your objection is to the use of the word "all"?

Mr. Graham Flack: I want to be careful about not suggesting an amendment to the committee, because it's only through ministers or on the advice of ministers of the committee that amendments can come forward. I guess what I'm identifying is the challenge, which is that I didn't think it was the committee's intention to say that if an activity fell under a broad definition of development assistance—like anti-money-laundering—that didn't have poverty reduction as its focus, we should cease spending any money in that area.

Hon. John McKay: No, I don't think that is—

Mr. Graham Flack: Counsel advises me that we could be taken to court by an intervenor arguing that because we're spending on anti-money-laundering, because it's part of this broad definition of development assistance, and because it is not having as its primary goal poverty reduction, we are not allowed to spend that money anymore because everything that's within development assistance is now limited by this filter of poverty reduction.

I didn't think that was the intention, but we're identifying that. I would hope there would be a way we could work around that.

Hon. John McKay: Clearly, I don't think there's much disagreement on the committee that that was not the intention. Having said that it's not the intention, it seems to me that it's a bit of a stretch on the part of counsel to say that these kinds of activities would in fact be prohibited by any minister.

I take your point. It seems to me—how shall we say—blue-skying on the part of legal counsel to say in some manner or another some third-party intervenor might in fact take us to court because we gave some bilateral debt relief to a Balkan country. With greatest respect to your counsel, that seems to be a little bit of a stretch.

Mr. Graham Flack: I'm a lawyer too, by training, and I assure you the questions I asked were not questions in the realm of speculation on a remotely theoretical case. I pushed hard with counsel to understand if this was a real risk. And I must say, based on a textual interpretation of the law as it is currently written, it strikes me as very reasonable to believe that if in an act you define development assistance in a specific way that includes a whole range of activities, and you then say of that box you've just defined that you are only allowed to provide that assistance if it contributes to poverty reduction—which is the effect of clause 4—by definition you have excluded part of the activities that were in that broad definition of what you can no longer fund. I would hope that there would be a way that could be avoided without undermining the intent of the committee.

The Chair: Thank you, Mr. Flack.

I think I need to remind all committee members that you are not saying anything inconsistent with what we've seen from departments in the past. As a member of Parliament, I'm certainly not aware of all of the intricacies and concerns a department has, and that's why we invite you to come to our committee. We invite you to come to our committee so that we can hear your concerns. It's not so that we can trash a bill, but so that we can fix a bill if it warrants it.

So I would challenge all members of this committee to listen carefully to what they say and make sure that we bring forward the best possible bill that we can bring forward without changing Mr. McKay's intent or bill.

We'll go to Madame Barbot.

[*Translation*]

Mrs. Vivian Barbot (Papineau, BQ): Thank you, Mr. Chair.

I am going to pick up on what you said. I am not very familiar with the act, but from what I've learned this afternoon, it is as if the objective of reducing poverty was competing with all the rest.

Is that what you are saying, or is it rather that your way of doing things does not allow for this element to be taken into account? This element is hugely important for us. I'd like you to tell us how we could, while keeping this objective, make sure that all the international and other agreements that we have concluded are not jeopardized?

Mr. Graham Flack: That's a very good question.

Without the authorization of a minister, I cannot present an amendment as such. However, I could raise the question, and this might help you find a solution.

With regard to what we would like to include in the definition of what in English is called ODA, or Official Development Assistance, what we are going to consider, in terms of figures, is one thing. But the current act says that development assistance must absolutely be linked to the reduction of poverty. To my mind this is different from what we would like to regard as ODA.

Our position is that it is important to allow the government the flexibility to make expenditures in all potential areas of assistance. The method of calculation is one thing, but expenditures must not be prohibited, for example, if they are for improvements in the banking system in the Caribbean. This is an important objective. Can this assistance reduce poverty? Perhaps not, but we'd like to have the option of taking action in this area.

Whether you want to regard assistance as ODA or not is another issue, but what the act says now may prohibit us from providing funds when assistance fits the definition of development but is not aimed at reducing poverty.

• (1710)

Mrs. Vivian Barbot: Does that mean that the reduction of poverty might be something that represents a certain percentage, say of international assistance, but that other elements not directly related to the reduction of poverty would also be covered by the act. Do I understand you correctly?

Mr. Graham Flack: Indeed, we might consider making expenditures that are not designed to reduce poverty and we hope that the act does not inhibit our ability to make this sort of expenditure.

If we want to calculate them differently, that's another question, but as the bill is drafted at present, our lawyers fear that we might arrive at a broad definition of development that does not include all sorts of initiatives, for example, by the Department of Foreign Affairs and the Department of Finance, that are not necessarily aimed at reducing poverty. We don't want to prohibit the ministers from making such expenditures. How do you want to calculate them? That's another question, but we don't want the ability to spend to be limited only to projects that are designed to reduced poverty.

[English]

The Chair: Thank you, Mr. Flack.

Mr. Casey.

Mr. Bill Casey: Thank you very much.

Thank you for coming, Mr. Flack and Mr. Hermosa.

I'm not a lawyer, but when I read subclause 4(1), it looks pretty simple and clear-cut to me. It says:

Development assistance may be provided only if the competent minister is of the opinion that it

- (a) contributes to poverty reduction;
- (b) takes into account the perspectives of the poor;

I don't see any room in there for debt relief or money laundering efforts or land mines exercises or efforts to encourage peace talks in the Sudan or anything else. I know this was not the intent of the proponent, but perhaps we can move an amendment on that and broaden it a little bit with the support of the committee.

But I want to move on. You were talking about confidentiality and reports. In reading clause 9, I see an awful lot of demands here for reports. There's a report for the description of any activity or initiative under the act; another report for the summary of the annual report submitted in clause 8; a report for the summary of the annual report submitted under the Bretton Woods and related agreements; a report for the summary of any representation made by Canadian representatives to the IMF and the World Bank; a summary of the departmental performance report; a report on the disbursement of development assistance within one year after the end of each fiscal year; a report for the summary of the operations under this act; another report for the summary of any representation made by the Canadian representatives; another report for the summary of the manner in which Canada's activities under the Bretton Woods and Related Agreements Act have contributed to carrying on the purpose of this act, and so on.

I just find this report-heavy, and you talked about some duplication. Could you point out where the duplication is in some of these reports?

• (1715)

Mr. Graham Flack: There's an existing case of that in legislation, the Bretton Woods and Related Agreements Act, section 13 of which obliges the Department of Finance to present a report annually on the Bretton Woods institutions, and that's the report you have in front of you.

As I indicated, we're one of very few countries that actually do this. We're proud of the report. It gets better every year. Recently, we had consultations with non-governmental organizations that made further suggestions, as they have in past years, on how to improve it.

I think one of the tests, for us, is that when Ireland, the newest addition to the world of doing these sorts of reports of only a dozen countries, looked at the other reports globally, they decided this was the best one. So this is the consolidated comprehensive report we do on the Bretton Woods institutions.

Clause 10 duplicates this existing effort, with one exception, and that's the exception around confidentiality that I pointed out. Our

concern and counsel's concern is that paragraph 10(b), "a summary of any representation made by Canadian representatives", would push us beyond the envelope with the World Bank.

I guess what we'd recommend to committee members is to examine the report that we're already providing and indicate whether that's adequate to the test that parliamentarians are seeking, before we add an additional report, which is what clause 10 requires, most of which additional report would be exactly duplicative of this report.

Mr. Bill Casey: Is that paragraph 10(b) you're talking about?

Mr. Graham Flack: Yes. Paragraph 10(d) is actually almost word for word the same language as in section 13 of the Bretton Woods and Related Agreements Act. So we have two pieces of legislation mandating the Minister of Finance to provide two reports, the bulk of which would be absolutely identical.

I guess our plea is to improve the quality of reporting as opposed to the quantity of reporting. We have an existing report. Where we are concerned is in taking this report to a level where we're actually breaching the confidences of the executive directors of the board. That, we think, would make their jobs impossible; it would also be in breach of other obligations Canada has. So that would be our request.

Mr. Bill Casey: Paragraph 9(1)(d) is almost the same wording as paragraph 10(b), except for the World Bank and the IMF versus the Bretton Woods institutions. Is that a duplication? Is the same information in both, or—?

Mr. Graham Flack: I guess there's a question here of how many times we want the same information to appear in how many reports. So we have an existing report that's comprehensive. Do we want an addition to that, a second report by the Department of Finance that's duplicative, and, in addition to that, as part of the new minister of CIDA's report, a section in that report that duplicates significant elements of this report as well? I guess that's something for parliamentarians to describe.

We can hire more people to churn out the same information in different forms, but I guess it's for you to determine whether that's a more effective use of the money we're spending in this area than actually providing development assistance.

Mr. Bill Casey: The confidentiality issue...I didn't follow that exactly. We could have a report on some of the activities and the representations made by Canada, but we can't have what actually happened in the meetings. Would that be an infraction or—?

Mr. Graham Flack: At the level of a governor, which is the Minister of Finance who participates at the governors' meetings, all the decisions that are taken are public decisions, and we release summaries of those public decisions. Other countries can as well.

The way the IMF and the World Bank operate, though, at the executive director level—about which the closest analogy I can draw is the cabinet level—it was set up with a view to ensuring a full and frank exchange of views among members. And Canada was a founder of these institutions.

For example, at the IMF, when a country comes up for review, other countries are making hard-hitting assessments of where their economy is heading, what they need to do and where they need to go. That sort of exchange, if it were made public, would be damaging to the relations between the two countries because it would be seen as publicly attacking the other country, as opposed to the way it's done within the committee, in which there's a full and frank exchange within the committee of how we do.

Confidentiality requirements have been created by the two institutions around the employees of the institution, and the employees include our two executive directors. To require them to provide us with summaries of each representation they make would cause them to breach their confidentiality requirements and make it impossible for them to do their jobs.

Again, what we've done with our report, along with DFID, the U. K. agency, is to push the limits of how much we can publicly report and still be consistent with this broad principle of cabinet confidence. What we're signalling is that counsel has concerns, as do we from a policy perspective, that the language in paragraphs 9(1) (d) and 10(b), which are identical, would both force us to move beyond what is potentially accommodated by the confidentiality requirements of these institutions.

• (1720)

The Chair: Thank you, Mr. Flack, and thank you, Mr. Casey.

Madam McDonough.

Ms. Alexa McDonough: Thank you very much for your presentation.

I have to say I haven't had an opportunity to fully review the report you presented to the committee today, and I appreciate the opportunity to quickly look through it. It is clear there are some sections of this report that do speak to the issue of poverty reduction, for sure; if not, I don't know what on earth we're doing participating in these organizations at all.

At the same time, for us to be consumed with the issue of confidentiality and for that to be used as an argument against what we're trying to achieve here is to ignore what is a huge problem in the international development world, the black box of the IMF and the World Bank, which I think leads us more and more to be concerned about whether many of the policies of the Bretton Woods institutions aren't driving and deepening poverty, instead of actually preventing, reducing, and alleviating poverty. Forgive us if we're not overly consumed with the issue of confidentiality. I won't speak for anyone else, but I would say a lot of the progressive community wants to see the lid pried off some of that confidentiality.

Having said that, I don't think anybody would advocate that we should thumb our nose at agreements we've entered into in protecting confidentiality. So the real issue is, what is the information from our participation in the Bretton Woods institutions that is the business of Canada? Surely, at a minimum, the information is the business of the commitments that Canada undertakes.

I guess I should be asking you for recommendations on how to amend this, but I can see we could certainly amend very directly the provision in the bill to simply say that no violation of our

confidentiality commitments can be made in the reporting on our Bretton Woods institutions. Is that not a reasonable proposition to set that out as an amendment? I'm not a legal drafter, but in some way it seems to me that this should be possible to achieve.

Mr. Graham Flack: As the honourable member knows, I'm not authorized to provide a suggestion on an amendment. I know this puts me in an uncomfortable position.

Ms. Alexa McDonough: I'm proposing a possible amendment.

The Chair: On that point, you aren't allowed to provide us with an amendment, but suggestions as to how we can fix this are what we're looking for.

Mr. Graham Flack: Maybe I can try to do this at a level of principle that I hope gets us to the same place but doesn't cause me to get in trouble back at the office.

In terms of the confidentiality requirement and the black box, the point would be that Canada signed up to this institution, and we signed up under a set of rules. Within that institution, we have pushed, along with the British and others, to increase the transparency of the operation of the institution, and we have had some success. The two reports that are provided are the outer edge of transparency in terms of what the countries can report under the current initiatives, but that doesn't mean we can't push the institution to go forward. The plea I was making was that, were we to do this unilaterally by simply doing the equivalent of revealing cabinet confidences, we'd find ourselves outside cabinet pretty quickly, because we would have put the executive directors in an impossible position, in that they would be breaching their own rules.

We share the view that making the institution more transparent in how it operates is important, and over successive governments, continual efforts have been made to do that, most notably by the Minister of Finance at the recent Singapore meetings, in terms of an anti-corruption agenda that was designed to improve the transparency of the bank and the funds' operations in that area.

In terms of what Canada undertakes, there is a lot of scope to report on that, and you'll see that in the report. In terms of how we contribute to the IMF and the World Bank, if we provide special funding for initiatives like multilateral debt relief, we're very transparent about what that is, how we do that, and what's happening. There's scope for that because we're making a contribution into a very public initiative that's going forward.

The concern is around the discussions at the executive director level. Those discussions are the most confidential and the most protected. If a particular project is coming forward, that's the area where these confidentiality roles are extremely clear. As I indicated, we have pushed as far as we can on that, in the sense that every time we say no or we abstain, we are reporting in that report that we have said no or abstained on that project, with a very brief description. We have tried to disentangle the soup that is the fact that the Canadian representative isn't just the Canadian representative.

Going further and providing more detail, while I appreciate many would welcome that detail, would fundamentally change the nature of the institution, which we can't do unilaterally. The plea is really around that. If going as far as saying a summary of any representation made by a Canadian representative is an extremely detailed, deep obligation that potentially puts us in an impossible position, anything you could do in terms of an amendment that would allow our executive directors to continue to fulfill their legal obligations to the institution, but which would further improve on reporting—which we've pushed as far as we think we can take it—would be welcomed, of course.

● (1725)

Ms. Alexa McDonough: Just as a final brief question, I know you're aware that this committee, a year and a half ago, unanimously passed a motion that was subsequently supported unanimously in Parliament, really expressing the will that we move in this direction. We're now dealing with the actual bill. Given that this same piece of legislation has been in the public domain all this time, has a detailed analysis been done, prior to the invitation to be here today, with proposed recommendations that could deal with the concerns you have? Or are we in the situation where this comes as a revelation in the last week?

The Chair: I'm not certain the question really is in order. It's probably asking you to disclose something.

Mr. Graham Flack: Here's what I can say. I'm not trying to avoid the question.

Ms. Alexa McDonough: No, fair enough. I understand your point. We just want to figure out how to get on with this year-and-a-half project, which some would say is long overdue.

Mr. Graham Flack: We take transparency and openness very seriously, and that's one of the reasons we have a report that Ireland considered as the best model to go with and that pushes the limits of transparency and accountability. That's why we try every year to improve that report in terms of the information it provides to Canadians, not only to educate them about the institutions, but also to provide as much understanding as we can of what's actually happening within the institutions.

This is a process that's ongoing, independent of any legislative review; that is, we want to try to improve our reporting each and every year, and if there are better models for how to do that, we'll try to do that.

With respect to some of the provisions that are put forward, for example, the broad definition of development assistance, married with a limitation that anything within it that isn't poverty reduction arguably can't be done—I hadn't seen that language in previous versions. And that's the language that caused our counsel to raise red flags.

Again, I'm not suggesting that this was the intent of the committee, but I don't think we want to be in a position, if the legislation ultimately succeeds, where an intervenor is allowed to take the government to court and stop funding in a whole range of activities—not just stopping the funding from being called development assistance, but actually stopping the funding, the ODA, on the grounds that we've done that. And that's, to my understanding, a new development.

● (1730)

Ms. Alexa McDonough: Thank you.

The Chair: Thank you, Ms. McDonough.

Thank you very much, Mr. Flack.

We are going to suspend very briefly. We're going to go into a committee business meeting.

Do we have an agreement that we'll do the motions as the next committee business? Do we have that?

Some hon. members: Agreed.

The Chair: We do want to pass quickly our steering committee's report to it, so it should be a two- or three-minute committee business meeting.

Thank you again to the departments for being here. In all sincerity, to the foreign affairs department and the finance department, speaking on behalf of all the committee, we're very pleased that you're able to come today with your recommendations. Thank you.

● _____ (Pause) _____

●

● (1735)

The Chair: This basic report is a notice to the committee members that your subcommittee met on Thursday, November 23, to discuss committee business and agree to the following recommendations.

First of all, it was agreed that the committee discuss the draft report on Haiti during the second hour of the meeting on December 5, 2006. We are very close to completing our report. We want that report done before Christmas or asap. It may only take a maximum of one hour.

The second point is that it was agreed that the committee meet with various witnesses during the month of December on the study of democratic development, including John Williams, member of Parliament, and Kevin Deveaux, the MLA. This was a bit of a trade-off. These are two individuals who want to talk, one on the corruption side and the other I'm not certain on what side. Madam McDonough could give us more information. MLA Deveaux has a lot of experience with democratic development and development assistance and such. Those two are a bit of a trade-off, I dare say.

The third point is that it was agreed that the clerk of the committee, in consultation with the chair, prepare a draft budget—which you also have before you today—respecting the committee's proposed travel to Washington, D.C., and New York in February for consideration by the committee. This report we can talk about if anyone has questions. It is here before you today.

Fourth, and finally, is that the Right Honourable Kim Campbell of the Madrid Group be invited to appear before the committee at a future date. That has taken care of itself. She was here on Monday and we were unavailable to meet with her, but that was part of what the business of the day was.

Are there any questions with regard to the steering committee report?

Can we agree to adopt this?

Some hon. members: Agreed.

The Chair: It's agreed unanimously. Thank you.

Do we want to do this budget?

We have a travel budget, and this allows me to go to the Liaison Committee. This travel budget is for the Washington and New York trip. In all honesty, I was given a directive at that steering committee to talk to my whip and I have not yet done that.

I would remind the committee that this means we will use one of our travel points from Ottawa, or wherever in Canada, to Washington. Maybe the committee can refresh my memory. For this trip, we're going to attempt to see if another travel point can be used for Washington, New York, and then back home. Is that correct? No, that's not correct?

Mr. Patry.

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): We said we were going to try to have the points, because if we're going Montreal-Washington, Ottawa-Washington, Washington-Ottawa, we should use the same points to do Ottawa-Washington-New York-Ottawa on one point all together.

The Chair: We would talk to our whips.

It's cheaper.

Mr. Bill Casey: From Ottawa to New York and stop off in Washington.

The Chair: We're going to ask our whips, who I think are the representatives on the Board of Internal Economy, that we be allowed to use our one point for the whole trip. That's correct.

That reflects the cost. I probably need to do this before I go to the Liaison Committee. Is that correct?

All of us should do a bit of background work with our whips before I go to the Liaison Committee, so that I can say we have general agreement among our whips for that.

Mr. Obhrai and Mr. Patry.

Mr. Deepak Obhrai (Calgary East, CPC): I'm glad you recognized me first.

The Chair: You're now the PS for the world.

Mr. Deepak Obhrai: Boy, are you ever in trouble!

What is this economy plane fare of \$16,000?

The Chair: I'll ask our clerk to explain that.

The Clerk of the Committee (Mrs. Angela Crandall): The policy right now is that a committee travel point can only be used between Ottawa and Washington, or your riding and Washington. The budget is calculated so the members will use half a point for the Washington leg, either from a riding to Washington or Ottawa-Washington. We pay for Washington-New York, New York back to Canada. The amount of the fare—

Mr. Deepak Obhrai: If that is approved—

The Chair: Then that would be struck.

●(1740)

Mr. Deepak Obhrai: —then this would be struck.

The Clerk: Right, it would be lower. We still have to pay for the staff.

Mr. Deepak Obhrai: Yes, for the staff.

The Chair: Deepak, on behalf of the Conservatives here, it would help if any or all of you approached our whip, and I would suggest that for all members, not just the critic or the vice-chair. Talk to the whip about it, because it does save money.

I can tell you that there will be an issue with getting all 12 members to travel. The Liaison Committee has been a difficulty in the past, so I think if we can convince our whips that all 12 are travelling and it's only going to cost \$38,000 or \$40,000, we may have a greater hope of getting the go-ahead on it.

Mr. Casey.

Mr. Bill Casey: Do you have a date for this? It just says February.

The Chair: February 4 to 8. This is while the House is sitting.

Madame Barbot.

[*Translation*]

Mrs. Vivian Barbot: Since we're entitled to an Ottawa-Washington return ticket, why don't we ask, if worse comes to worse, for the equivalent of a return ticket to Washington?

The Clerk: That's right.

[*English*]

The Chair: No, because we would have to get back to Washington.

[*Translation*]

Mrs. Vivian Barbot: But that hasn't got anything to do with it. Let's say I decide to take the plane all by myself. I'll be given the equivalent of what it cost me. The same logic should apply.

[*English*]

The Chair: I'm not following.

[*Translation*]

Mrs. Vivian Barbot: When we go—

[*English*]

When we go elsewhere, let's say they give us first class. If I decide to take another trip, but I go and come back, they give me the equivalent of the money to have—

The Chair: Yes, but someone is still paying for that flight. We're talking about two flights. Right now, it is part of a travel point system, where we can leave Canada from Montreal, Ottawa, or wherever and travel to Washington and come back for a point.

Mrs. Vivian Barbot: Back and forth.

The Chair: Back and forth for one point.

Mrs. Vivian Barbot: So why don't they give us back and forth?

The Chair: They would, but then they won't give us.... Somebody still has to pay for the Washington to New York and then back to Washington.

But our point is that we don't want to come back to Washington. We want to go Ottawa-Washington-New York-Ottawa.

Mrs. Vivian Barbot: But what I'm arguing is that if we're not going back to Washington, we should be entitled to have the equivalent money, because we're coming back home anyway.

The Chair: Yes, but someone has to pay it, and it comes out of a different budget.

Mrs. Vivian Barbot: Right. Pay it with our points.

The Chair: We can't, because the policy is clear that Washington and back is a point.

Madam Barbot, the reason for this is so that we can't go to Washington and then to Florida and back, or to anywhere else in the States and back.

Mrs. Vivian Barbot: Yes, but what they're paying is just Ottawa-Washington. So it doesn't change anything for them.

The Chair: But it does for somebody. It's a different budget that the point system comes out of than Foreign Affairs—

Mrs. Vivian Barbot: Yes. So I say the points should pay Montreal-Washington, back and forth, that's all, and the rest is in the other budget.

The Chair: Yes, but what we're going to try to do is convince them that we are willing to use up a point for that complete travel.

Mrs. Vivian Barbot: And I'm saying that if they don't agree to that, at least we should have the equivalent money for Washington.

The Chair: Madam Crandall.

The Clerk: As I understand the situation, it's a policy issue. The point can only be used for travel between A and B. Since we're going from A to B and then to C and back to A, they won't give us the equivalent.

The Chair: That's why it's important that we talk to our whips. What you suggest makes absolute sense. But we have to convince our whips to go along with this.

Mr. Patry.

Mr. Bernard Patry: I just want to pinpoint the fact that even if we talk to our whips and they agree, if they don't have an official Board of Internal Economy meeting and it's not accepted at the meeting—even if they agree outside an official meeting—it's not going to be accepted.

The Chair: I don't know when and how often they meet.

• (1745)

Mr. Bernard Patry: I don't know where they meet. We need to talk to them. This looks very good. There is no problem.

I want to point out to you that we'd better ask for the full price on any seat, because we're just going to Washington and New York. At that time, ask for the full price, and if you agree that we travel, we can use a point. We can save a lot of money.

The Chair: I'm still going to ask for this complete budget. It may come in as less than that.

Mr. Bernard Patry: It may come in as way less than that, but I think we should ask them to go to Washington and New York and come back. They pay or we use one point, because it's about the same price. If you go to Montreal and Washington, back and forth, it's so much money, maybe \$800. If you just go to Washington, it's going to cost you \$900 or something. The price is very ridiculous.

The Chair: One other point is that if they do refuse the 12 members on this.... I'm going to work hard on this. I'm going to the Liaison Committee to argue that all 12 members can be here. This is while the House is sitting. I want to see that the committee then decides come February that they're willing to travel.

There's no use going arguing and then having the people not show up. I have been given the directive from the steering committee that if they do not accept the 12 members, then I'd ask for 10.

So do we adopt this budget?

Some hon. members: Agreed:

The Chair: Thank you very much. There is no other business.

We are adjourned.

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