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Chair

Mr. Dean Allison

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•(1105)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to Standing Order 108(2), our study on the social economy initiative will commence.

I just want to take this time to thank our witnesses for being here today as we have a meeting on this important issue.

We're going to move through some of the working groups first, and we're going to go to the department last.

Ms. Mennie, I know you have to leave at noon. I'll just mention that to the other members. In case they want to question you, they can try to get that into the first round, if that sounds okay.

I do want to welcome Mr. LePage out in Edmonton, and thank him for joining us via teleconference today.

You'll have seven minutes each to present, and then we'll have one round of seven minutes, followed by other rounds of five minutes of questions and answers. We'll try to keep to those limits, because we have five groups that have to present. Do your best, and if you can't get it all in, hopefully we'll cover it in the questions.

We're going to start with Ms. Neamtan.

Mrs. Nancy Neamtan (President and Chief Executive Officer, Social Economy Working Group): I have some documents to distribute.

The Chair: We'll have the clerk pick those up and distribute them.

[Translation]

Mrs. Nancy Neamtan: I will be making my presentation in French. Is that all right?

Thank you for your invitation.

First, I will be talking about the social economy in Quebec, which is growing quickly not only in Quebec and Canada but in other parts of the world as well. Last week, we organized the Sommet de l'économie sociale et solidaire, a summit on the social economy, which drew 650 leaders from all the regions of Quebec, along with people from 20 different countries, representing every continent. The social economy is a notion quickly taking hold in Europe, Latin America, Africa, Asia and Australia.

The Chantier de l'économie sociale, the organization I represent is a coalition of networks working together to promote the social economy, encourage its development and ensure the collaboration

and representation of collective entrepreneurship. The social economy is not a new concept. People familiar with Quebec history will remember that, 100 years ago, Alphonse et Dorimène Desjardins founded the first caisse populaire, or credit union. At the time, they were part of Montreal's social economy.

Today, the social economy has a place in many of Quebec's industries, including tourism, culture, housing, agriculture, integration into the workplace, adapted businesses that hire disabled people, daycare, homecare for seniors, recycling, new technologies, fair trade, community media and many more.

What are the characteristics of a social economy enterprise? It is an enterprise that emerges from a collective process and is rooted in the economy. In other words, it is a cooperative or non-profit business, a value-added business that considers people and sustainable development to have primacy over capital, and that is financially viable but also socially profitable. Lastly, a social economy enterprise — and there are many in our society — that provides an environment conducive to social innovation.

In Quebec, the economic power of collective enterprises is a key factor in the economy. There are over 6,500 collective enterprises, excluding large financial and agricultural cooperatives as well as community organizations in the non-commercial sector, which the rest of Canada calls the volunteer sector. In all, those enterprises generate \$4.3 billion in annual sales.

They are also businesses that last. Investment experience in social economy enterprises, as well as a number of studies, have shown that social economy enterprises have a 65 % five-year survival rate, compared to 35 % for private businesses.

Why do social economy enterprises last longer than traditional small and medium-sized enterprises? Because they have deep roots in the community, and because they are established as networks and thus have support. Moreover, over the years, public policy has adapted to the realities of the social economy.

It is important for elected officials and for all stakeholders and members of society to understand the role that the social economy plays in revitalizing neighbourhoods and villages. The social economy is a natural partner for municipalities because it makes an important contribution to community development. It makes it possible to provide a wide range of services at all stages of life, including perinatal services, daycare, recreation, public transit, home care for the elderly, and funeral cooperatives.

The social economy also plays an important role within communities in the exploitation of local resources through forestry and agricultural cooperatives, recycling businesses, and cultural expression. It enables a collective response to social and material needs both locally and regionally, through such things as housing coops, school cooperatives, access through information through community media, solidarity financing, and so on.

•(1110)

It plays a role in social and professional insertion and integration, in creating permanent jobs for marginalized groups, such as disabled people and young people with problems, to mention just two. Therefore, it contributes to the dynamics of community economic development.

How much time do I have left?

[English]

The Chair: You have two and a half minutes.

[Translation]

Mrs. Nancy Neamtan: Very well.

In conclusion, it is important to know that the Government of Canada has established an initiative that has had an extremely positive impact in Quebec. Since the initiative has worked well in Quebec, it could be extended to other parts of Canada.

The Government of Canada is about to announce a contribution to the Fiducie du Chantier de l'économie sociale. At present, we are waiting for the official announcement by our minister. The federal government's contribution has made it possible to raise other funding, including \$12 million from the Fonds de solidarité de la FTQ, \$8 million from Fondation, which are pension funds, \$10 million from Investissement Québec, and \$8 million from other private investors that will be collected next year.

Through its regional agency, the government has contributed to strengthening regional and sectorial networks through a capacity-building program. It also contributes to research and development, which are very important in every sector of the economy. It is also opening up programs designed for SMEs to collective enterprise.

Thus, the Government of Canada has already shown Quebec that it can and will help. This is deeply appreciated. We are here to see how we can continue that cooperative partnership which has contributed significantly to economic and social developments in Quebec.

Thank you.

[English]

The Chair: That was very nicely done. You packed a lot of information into seven minutes.

We're going to move to Ms. Hunter, please.

Ms. Carol Hunter (Executive Director, Canadian Co-operative Association): Thank you.

My name is Carol Hunter and I am the executive director of the Canadian Co-operative Association. CCA is the umbrella organization representing co-operatives across Canada. Our organization includes provincial associations, credit unions and financial co-ops,

agricultural, consumer, as well as service sector co-operatives. A complete list of our members is included at the end of our brief, which is here if the clerk wants to take it.

Co-operatives and credit unions in Canada have combined assets of over \$225 billion and 155,000 employees. There are over 9,000 co-operatives, credit unions, and caisses populaires across the country, providing services and products to over 11 million Canadians.

Canada has one of the highest proportions of co-op membership in the world; 40% of Canadians are members of at least one co-op. In Quebec, co-op membership stands at 70% of the population, and in Alberta it is 65%. Over 70,000 Canadians serve as volunteers on the boards of co-ops and credit unions.

World-wide, close to one billion people are members of co-operatives, and the global movement of co-operatives has always seen itself as part of the social economy. The European Union names co-operatives, mutual societies, associations, foundations, and social enterprises as the major elements of the social economy.

Whether it is called the social economy, social enterprise development, or community enterprise, these businesses are all locally owned and democratically controlled. They put service to the community rather than profit maximization to shareholders as their raison d'être. They are an important third leg of the economy, along with the private and public sector of our mixed economy.

While we are pleased that Quebec has received substantial federal government investments under the partial roll-out of the social economy initiative, we are all concerned that this national program has not been rolled out across the rest of the country. We believe that there is still a major need for such a program to help with social economy enterprise start-up and growth, and in this short presentation we will explain why.

The social economy has been, for many years now, part of the policy landscape of the European Union and its member countries. And for ten years now, as last week's celebration of the tenth anniversary in Montreal showed, the social economy is part of the Quebec landscape as well. We argue that the social economy is growing in Canada and around the world. Why then should the federal government not support programs that can help social or community enterprises to grow better, faster, and in every region of the country?

Why are social economy enterprises an important part of the solution to key policy drivers? The development of the social economy can help provide some of the answers to the issues raised by some of the crucial policy drivers of our day.

First, on globalization, the world economies are becoming increasingly intertwined. The traditional large private corporations can change the location of ownership, control, and location of jobs overnight. Social economy enterprises, from co-operatives to non-profits, however, are rooted in their communities. Jobs and services stay there and these enterprises reinvest their surpluses in our communities.

Second, on the environment, while climate change and environmental concerns are at the forefront of the concerns of Canadians, social economy enterprises, such as renewable energy co-operatives, whether ethanol or wind, can help give communities a real role in doing something about the environment. Through the federal agricultural co-operative development initiative, CCA is helping new producer co-ops get started in this area.

Third is accountability, transparency, democratization, and participation. In Canada and around the world, there is growing pressure to see our institutions implementing these principles to the fullest degree. In the business world, this is equally true. Social enterprises, as democratic and locally rooted businesses, can provide the framework for communities to really own and control their future.

Fourth is poverty and exclusion. Canada still has too high a poverty rate of roughly one in six, and this rate is more than double for aboriginal communities and visible minority groups, and very high for people with disabilities. Social enterprises can allow marginalized peoples to participate more fully in our economic development and better share in our success as a country.

And the last policy driver is an aging workforce. As our workforce ages at a dramatic rate, it is crucial for us to draw on all of the groups in our society, from inner city youth to rural communities that are not presently fully participating in the workforce. Social economy enterprises can provide the right tools for workforce training and skills development and act in areas where the traditional private sector will not venture.

We'd like to speak now to what the federal involvement can do. We believe that the federal government should help social enterprises to get started and to grow, because by providing short-term and start-up help to social enterprises, dependence on EI and social assistance is reduced, as well as the need for ongoing long-term government support. Helping people to develop the self-help institutions that can soon function without government aid is a smart government policy.

• (1115)

Second, while governments have spent and continue to spend more money supporting individual and private sector entrepreneurs and entrepreneurship, a level playing field argument means that other business models, such as community-owned businesses, should also be supported and nurtured.

Third, federal government funds can help leverage much greater funds from provincial governments and other sources, as the Quebec example shows, where some \$22 million in federal funds is leveraging some \$30 million from other sources.

Finally, the federal government can demonstrate leadership by setting an example for provinces and cities that have not yet begun to help the social economy sector.

What kinds of programs are needed? The CCA believes we need a menu of federal government programs that include six components. First, develop social enterprise technical assistance and support for feasibility studies and training. Second, provide patient capital, large sums of long-term capital funding that can help leverage funding from other sources. Third, open up all existing federal government

programs, from training to small business programs, to include help for social economy enterprises. Fourth, stimulate joint partnerships with the provinces and cities in a social economy program. Fifth, develop tax credit incentive investment programs that encourage individuals to invest in co-operative development. Finally, continue and expand existing programs such as the cooperative development initiative, as well as the newly launched agricultural co-op development initiative.

Canada is a rich country that prides itself on organizational diversity, a mixed economy, inclusiveness, and entrepreneurial innovation. A social economy initiative or a community enterprise partnership, whichever name we want to give it, would help to stimulate local solutions to job creation, the provision of community services, and above all, mutual self-help.

Thank you for your attention.

The Chair: Thank you, Ms. Hunter, for your presentation.

We'll now move to our videoconference.

Mr. LePage, I believe you're out in Edmonton today.

Mr. David LePage (Program Manager, Enterprising Non-Profits Program): Yes, we're actually doing a project with the rural secretariat, presenting on social enterprise to local public servants and non-profits.

Thank you very much for the honour to present today to you. As you know, I represent Canadian Community Economic Development Network, CCEDNet, which is a national membership organization of over 650 members representing 3,000 networked organizations across the country. CCEDNet works with these organizations in order to strengthen Canadian communities using community economic development principles, an integrated model joining social and economic results.

When we view the economy as a whole, we look at it as having three sectors. One sector is the public sector, which is government-owned and government-operated businesses and systems. The other is the private sector, which is the entrepreneurs in the private sector, the corporations, and the partnerships. The third is the social economy, which is the assets and the enterprises used to generate both social and economic benefits. The engines of the social economy are the credit unions, the cooperatives, and the social enterprises.

The part I would like to focus on for the next couple of minutes to demonstrate its effectiveness in strengthening communities is social enterprise. When we talk about a social enterprise, we're talking about a non-profit organization that owns and operates a business for the dual purposes of not only generating income but also achieving a social and/or environmental purpose.

In the traditional return-on-investment model, there has been a separation between the non-profit sector, which has looked for a social return on investment, versus the private sector, which has looked strictly at a financial return on investment. A social enterprise looks for a blended return on investment; both the social and the financial returns are considered basic objectives.

There are three basic purposes for social enterprises. One is to enhance the financial sustainability of non-profits. A very good example of that is Atira Property Management in Vancouver. It is a for-profit commercial property management entity that's owned by a non-profit. The profits from that corporation go back to the non-profit to provide housing for women in need.

There is creation of employment, an example being Potluck Catering in the downtown eastside, which employs 30 individuals through their non-profit to their social enterprise, 15 of those individuals coming off welfare or out of homelessness situations.

The third purpose is to promote the mission of the non-profit, an example being Eco-Lumber Co-op in B.C.

It is not just in British Columbia. We can look at the employment in Red Deer, Alberta, for persons with disabilities in the bottle depots, or in Lake Lenore, where the grocery store and the greenhouse actually saved that small 300-person community from losing its grocery store. In the inner city of Winnipeg, Inner City Renovation employs aboriginals to work on the actual physical rehabilitation of the neighbourhood.

We believe there are four points within the potential role of government to support social enterprise and the social economy, the first being the creation of an enabling environment with a supportive regulatory and policy environment for the social economy, including the charitable rules and regulations that support social economy activity.

The second is enterprise development support, which is support along an entire enterprise development path to support the enterprise search, the transition, and the beginning of social enterprises. That includes supporting learning and networking among the participants.

We believe another key support for the social economy is an examination and adjustment of procurement policies in the federal government, so that procurement policies support a blended return on investment and support contracting policies and procedures that will break down contracts to allow smaller social-enterprise and social-economy businesses, along with SMEs, to have access to federal procurement.

The fourth is access to capital. This includes both patient capital and investment credits for the private sector investors interested in partnering with the social economy.

We believe that strengthening Canadian communities is a partnership of government, the private sector, and the social economy, and the stronger we make that social economy, the stronger we'll make Canadian communities.

Thank you.

• (1120)

The Chair: Thank you, Mr. LePage, for that presentation.

We're going to move now to our next presenter, Mr. Savage. You have seven minutes, sir.

[*Translation*]

Mr. Sylvain Savage (Director, Improvement, Service Delivery and Management Practices, Economic Development Agency of Canada for the Regions of Quebec): I was not expecting to make a presentation as such, but I will talk to you about initiatives that Canada Economic Development for Quebec Regions has implemented, the ones that Nancy mentioned earlier.

In fact, we had planned to put in place three initiatives as of April 2004. One was a capacity-building initiative for organizations in the social economy, for which we had set aside \$5 million. If we take out the operating budget for this EDAC initiative, we can say we invested \$4.8 million between April 2005 and today.

Our second initiative plan was to establish a capital fund for social economy enterprises in Quebec. We asked social economy stakeholders in Quebec, through a competition process, to suggest innovative ways of implementing investment funds for social economy enterprises. After the competition, a jury panel established for that purpose determined that the Chantier de l'économie sociale had put forward the best proposal.

Since then, we have been negotiating with the Chantier de l'économie sociale and other financial partners, such as the Fonds de solidarité FTQ and Fondation. The government of Quebec joined us at the last spring budget. These talks are now concluded, and we are very proud of the work accomplished so far.

A third initiative had to be taken into account and implemented—ensuring that social economy enterprises in Quebec had better access to our regular programs. Even though social economy enterprises have had access to our programs since 2004, we thought it would be a good idea to promote the programs. This was a very successful effort. In fact, the contribution we are now making to social economy enterprises is two or even three times what it was in previous years.

That is what we have accomplished so far, and we are quite satisfied. All amounts intended for the capacity-building initiative were committed in the first year. Next winter, we plan to assess the results by looking at the impact on the economy, job creation and other facts.

For example, we provided assistance to the Société de développement Angus, which enabled the revitalization of an entire neighbourhood in eastern Montreal. We have a long-standing partnership with Angus, and are very proud of it.

In addition, the Fédération québécoise des coopératives forestières asked us for assistance in planing and implementing a strategy to help forest cooperatives in Quebec, to give them the tools to meet a number of challenges. That request coincided with the softwood lumber crisis.

Ms. Neamtan mentioned a number of social economy sectors in Quebec. We are proud to say that we have been able to cover almost all those sectors, including community media, environment, manufacturing businesses and adapted businesses that hire disabled people.

We have been able to support many projects.

• (1125)

[English]

The Chair: Thank you, Mr. Savage, for that overview.

Ms. Mennie, do you have a presentation?

Ms. Johanne Mennie (Deputy Director, Community Development and Partnerships Directorate, Department of Human Resources and Social Development): Yes, I do.

The Chair: Okay, great. You have seven minutes.

Ms. Johanne Mennie: Good morning, Mr. Chairman. *Mesdames et messieurs, membres du comité, bonjour.*

My name is Johanne Mennie. I am deputy director of policy development in the Community Development and Partnerships Directorate at Human Resources and Social Development Canada.

My presentation will be in bilingual format. I will be switching from French to English along the way. We have, however, provided you with a full and complete set of an English presentation and a French presentation, as well as the bilingual presentation.

The social economy is an entrepreneurial social movement. Social enterprises are diverse, and the terminology differs across the country. They include co-operatives, mutuals, enterprising non-profits, mission-based enterprises, and community economic development organizations.

What social enterprises all have in common is that they reinvest the entirety of their profits in the community or back into the enterprise itself. Put simply, a social enterprise is first and foremost a business. This means it is engaged in some form of trading, but it trades primarily to support social, environmental, or cultural objectives.

In 2004 the Government of Canada committed funding, to be delivered through the regional development agencies and the Social Sciences and Humanities Research Council, to support those engaged in this entrepreneurial social movement.

• (1130)

[Translation]

Funding has been provided to strengthen strategic planning and capacity in social economy enterprises, as well as to strengthen the financing of patient capital loans.

The funding was provided to three regional development agencies: the Atlantic Canada Opportunities Agency, the Department of Western Economic Diversification, and the Economic Development Agency of Canada for the Regions of Quebec, as well as to Industry Canada's FedNor initiative.

The Social Sciences and Humanities Research Council has a mandate based on community research related to the social economy.

[English]

Human Resources and Social Development Canada—Social Development Canada, at the time—provided policy leadership. This work included the development of a policy framework and strategy to guide longer-term federal actions to support the social economy.

From a policy perspective, HRSDC has undertaken a number of activities, including finding out what other countries were doing in the social economy and what kind of policy, regulatory, and financial environment was put in place to support social economy-type enterprises. We also gathered a broad base of evidence of what was happening in Canada and about the issues, challenges, and successes faced by social enterprises.

What we discovered was that there were a large number of social enterprises engaged in a wide range of activities that include such things as job creation, workforce integration, urban regeneration, environmental services, child care and home care, housing services, and many other endeavours that improve the quality of life.

These enterprises contribute to increasing employment, producing new products and services, engaging in innovative methods of service delivery, enhancing social inclusion, strengthening community development, and increasing productivity and competitiveness.

For example, The Cleaning Solution, of Vancouver, British Columbia provides high-quality, environmentally friendly cleaning solutions while offering meaningful employment opportunities in the janitorial field for individuals living with mental illness. After just one year in operation, The Cleaning Solution has achieved a 500% increase in revenues, has more than doubled the number of individuals with mental illness it employs, and has almost doubled the number of hours worked per month per employee. Over this period, the average monthly wage of employees, over and above their disability benefits, increased by almost 80%.

[Translation]

The next example is the Saskatchewan Native Theatre Company, located in Saskatoon, which produces and directs performances that promote a positive image of Aboriginal people, as well as entertain the community.

The SNTC has extended its programming to other areas, including working with young so-called at-risk Aboriginal youth. For example, under one of its programs, the SNTC hires dozens of young Aboriginals for eight months to teach them how to create, produce and act in a play depicting issues important to them, such as the impact of crystal meth on Aboriginal youth.

Through this method, young Aboriginals can develop fresh perspectives on Aboriginal culture, accumulate school credits and acquire significant work experience, while having access to support and educational services. It also boosts their self-confidence, helps develop their self-esteem and helps them set new personal goals.

[English]

Our research findings suggest that social enterprises must overcome a number of challenges in order to develop and succeed, particularly when starting up, growing, or expanding. One of the most significant challenges is in the realm of financing.

Social enterprises lack appropriate financing depending on the stage they are at in their life cycle. This means tackling barriers that might prevent investors from investing in social enterprises, or social enterprises from seeking appropriate financing.

Another challenge for social economy organizations relates to proper skills development of social enterprise managers and board members. Many of the challenges facing social enterprises are more complex because they deliver both a financial and a social, cultural, or environmental bottom line. They therefore need access to appropriate training, support, and information to maximize both their business performance and their social impact.

• (1135)

[Translation]

A third barrier relates to the lack of baseline data about the social enterprise sector: its size, characteristics, activities, and so on.

Raising awareness, providing examples of and sharing good practices of innovative and entrepreneurial models could attract new inputs, customers and funding.

[English]

At this time we are continuing to assess how social enterprises may support areas such as child care, integration of immigrants, safe communities, labour market integration of multi-barriered individuals and persons with disabilities, and economic adjustment. We are continuing to advance our understanding of tool kits on financing, accounting, and legal issues that might assist social enterprises to improve the efficiency, transparency, and accountability of their organizations; tools to measure and report on the social and financial impacts of investments by social enterprises; as well as ways to inform Canadians in rural, and immigrant and refugee communities about the availability and viability of the social enterprise co-operative model.

Some examples of social economy organizations are attached to my statement that was distributed earlier.

Thank you, Mr. Chairman.

[Translation]

Thank you, ladies and gentlemen of the committee.

[English]

The Chair: Thank you very much, Ms. Mennie.

We're going to start our first round with Ms. Brown. I just remind everyone again, Ms. Mennie is with us only until twelve. If there are any questions for her, you'll probably want to tackle them in the first round.

Ms. Brown, go ahead for seven minutes, please.

Ms. Bonnie Brown (Oakville, Lib.): Thank you, Mr. Chairman.

Thank you to the presenters both present and on the screen. I want to thank you so much for the examples you have given of these social economy models that have been described both verbally and on paper for us.

I don't think I'm unlike a lot of Canadians in having this idea of the charitable sector, the for-profit sector, and the non-profit sector, but this is kind of a blurring of the traditional models most of us have in our minds. To have this described for us with a set of examples of projects that are working is most helpful and also shows us the wide range of activities that are taking place under this model. Therefore,

it sounds to me like we can't afford to do without all these jobs you people are creating in your particular agencies.

I want to go to Ms. Mennie right away. I understand that the 2004 federal budget allocated \$132 million to the social economy initiative, of which \$100 million was for the establishment of patient capital funds, and \$15 million over five years—or \$3 million a year—was for research related to the social economy. I want Ms. Mennie to tell me where the social economy initiative is at this point. What was the budget for 2006-2007? What has happened to the \$100 million of patient capital funds? One of the other presenters mentioned access to capital as one of the issues in getting some of these organizations started or maybe an expansion started.

Ms. Mennie, can you tell me about the numbers?

Ms. Johanne Mennie: These programs are the responsibility of the regional development agencies, FedNor, Industry Canada, and the Social Sciences and Humanities Research Council. I'm not really in a position to answer questions related to the actual rollout of the funds with respect to the 2004 initiatives.

Ms. Bonnie Brown: How convenient, Mr. Chairman.

Is it not true that the Minister of HRSDC is the person in whose budget this \$132 million was placed in 2004?

Ms. Johanne Mennie: No. Actually HRSDC received no funding at all through the 2004 initiative. The 2004 initiative spread the moneys to each of the regional development agencies as well as to the Social Sciences and Humanities Research Council and Industry Canada and FedNor. We received no moneys.

Ms. Bonnie Brown: So you're responsible for the policy development around the social economy initiative but you don't have one cent to implement the policies that you can get the officials and the minister to agree to. Is that correct?

• (1140)

Ms. Johanne Mennie: We received the mandate to be responsible for developing a policy framework for the social economy. The social economy initiatives were the ones announced in 2004, and you're correct in saying that we received no funding through that initiative.

Ms. Bonnie Brown: I'm glad I asked these questions, Mr. Chairman, because it seems to me there's a serious disconnect. It seems to me that the department whose officials develop policy should also be the department in charge of the money; otherwise, there's a terrible lack of accountability.

What policy framework are the regional development agencies operating under right now? Is it just their own regional development thrust? If they're administering all these funds, what is their policy framework?

Ms. Johanne Mennie: I believe I should defer that question to one of my colleagues from one of the agencies. He could answer that question probably better than I can.

Ms. Bonnie Brown: I think, Mr. Chairman, we've run into the first issue and problem, and that is that somebody is developing policy over here, but somebody else over here has the money, and we don't know if there's any synthesis between these two activities at all.

I have other questions about money, but obviously this is not the person to ask. Could we ask one of the people from one of these regional development agencies to come to the table?

The Chair: Mr. Savage suggested some comments.

Ms. Bonnie Brown: Yes, that's right. Okay.

So there's the policy question versus the money question, but I want to add one more question to you, because I'm afraid my time's going to run out.

I understand that \$39,276,000 has been eliminated from the funds or from the envelope that is allocated for the social economy initiative. Have you felt any of that elimination? Or is the money that you were expecting flowing and therefore we can assume the cutbacks happened to other places in the country?

Go ahead, Mr. Savage.

[Translation]

Mr. Sylvain Savage: Economic Development Canada has received all funds for the capacity-building initiative. As for the patient capital funding, we were only slightly affected by the cuts. In fact, \$22.8 million are available for the patient capital fund. Economic Development Canada is moving ahead.

[English]

Ms. Bonnie Brown: And what were you expecting? Whether you have felt the impact of the cutback is what I'm asking you.

[Translation]

Mr. Sylvain Savage: Not at all. We didn't feel the budget cuts because we were able to go forward, due to other funding. In fact, there was a significant leveraging effect because of the Fonds de solidarité FTQ. As a result, we will be able to establish a \$50 million fund.

[English]

Ms. Bonnie Brown: It's interesting, Mr. Chairman, that the only witness we have represents the only agency that didn't feel the cutbacks, but somewhere or other \$39,276,000 was cut. It would have been helpful to have a witness from one of the agencies that was expecting money that didn't get it or that was seriously cut back.

Thanks, Mr. Chairman.

The Chair: Thank you.

For my clarification, Ms. Mennie, what happened in 2004 under a previous government is still, in effect, the way it's transpiring right now? That is what you're saying, correct?

Ms. Bonnie Brown: In Quebec only....

Ms. Johanne Mennie: I'm not sure I understand the question.

The Chair: I was just trying to clarify Ms. Brown's comments. So what was rolled out and happening in 2004 is what and how it is happening right now in 2006?

Ms. Johanne Mennie: Right.

I just want to make a clarification on the policy development issue. The mandate that we received was to develop a policy framework for the future of the social economy.

The Chair: Thank you very much.

We're going to move to Mr. Lessard for seven minutes.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Ms. Mennie, you have provided us with figures for the contribution by Human Resources and Social Development Canada for social development, the patient capital fund, and so on.

Are you able to tell us how these contributions are divided — in other words, what the federal government's contribution is compared to Quebec's? What about the funding generated in Quebec through the social economy, and the Canadian government's contribution compared to the Government of Quebec's and the sector's contribution? Can you tell us something about that?

• (1145)

Ms. Johanne Mennie: Once again, I will ask my colleague Sylvain to answer those questions, because he's more familiar with the figures. I'm sure he can give you the exact figures about the leveraging effect the Canadian government's contribution might have in Quebec, for example.

Mr. Sylvain Savage: The exact question is: what is the leveraging effect on our initiatives, or on the GDP, let's say.

Mr. Yves Lessard: As I was saying to Ms. Mennie, I'd like to know how the participation of contributors breaks down as a percentage, let's say. For example, in Quebec, two levels of government — the Government of Canada and the Government of Quebec — contribute to the social economy.

In addition, some contributions come from the social economy sector itself. For example, two solidarity funds — Fondation CSN and the Fonds de solidarité FTQ — contribute, as do other funds.

Can you...

Mr. Sylvain Savage: Yes.

Mr. Yves Lessard: ... provide a sort of pie chart of how those contributions relate to one another and promote the social economy?

Mr. Sylvain Savage: Yes.

For the capacity-building initiative alone, which I mentioned briefly earlier, over about 18 months we contributed \$4.9 million to 34 projects, generating \$6.4 million in total investment.

With regard to the patient capital fund, to which we are contributing \$22.8 million, the leveraging effect has generated an additional \$30 million, including \$12 million from the Fonds de solidarité FTQ, \$8 million from Fondation CSN, and \$10 from the Government of Quebec. There should also be other contributions from private sector partners down the line. At least, that is what we are projecting.

Mr. Yves Lessard: I see. Thank you.

I'd like to come back to Ms. Neamtan.

First of all, I would like to congratulate you and your entire organization on the Sommet de l'économie sociale et solidaire, which took place last week. I had the opportunity to attend the summit for two or three hours, but my parliamentary assistant was there for the entire two days, and we collected as much information as possible, of course. First of all, it's quite extraordinary to see what the Summit can generate, and how far we have come since the beginning of what we call the social economy. I would like to congratulate you.

I have a few questions about issues that concern me. First, I'll give you an opportunity to answer this question: were you affected by the cuts? You can answer with just a yes or a no, because I will have another question for you right after.

Mrs. Nancy Neamtan: I agree entirely with Mr. Savage, who said that we were not significantly affected by the cuts. However, in factual terms, the patient capital fund was cut by \$5.7 million. Nonetheless, this did not prevent us from going ahead with the project, and we are very grateful for it.

Obviously, that funding would have had a leveraging effect. Nonetheless, it remains that the \$5.7 million cut from the total investment earmarked for the region did not prevent the fund from being implemented. So as I was saying, we are not complaining. The fact remains, though that there was a cut.

Mr. Yves Lessard: I see.

My other question is on the phenomenon of a social economy society as a whole. We know that the social economy to a significant extent offsets governments' withdrawal from their responsibilities. I know that at one point the relationship with respect to institutional services was quite difficult, particularly when it came to direct services like homecare, health services and even educational services.

Can you tell me something about how the social economy came into being? Where are we at now?

Mrs. Nancy Neamtan: Since you were at the summit last week, you will have had an opportunity to see that the social economy really encompasses people from all sectors, all walks of life and all regions of Quebec, including the unions, the business sector, municipal elected officials, and many people who collectively believe in the importance of the social economy in Quebec's socio-economic development.

There have been a number of debates in recent years, debates that have made some things clearer. The social economy is something that goes beyond political positions and partisanship. None of us believe that the government can fix everything. We all agree on that. So since the government cannot fix everything, be it issues relating to job creation, adapted and flexible services that meet the specific needs of individual communities, we have to do it.

So the strength of the social economy is that assumption of responsibility, that ability to combine volunteer resources, public resources — at least frequently — and market resources from the sale of products and services to meet community needs realistically, and appropriately.

We have engaged in dialogue with representatives of the unions and the private sector, and everyone increasingly agrees that the social economy plays a role in both Quebec's and Canada's socio-

economic development. As others have said, in some cases the social economy is best placed to meet certain needs. Public services naturally meet other needs, while the private sector plays yet a different role in our society.

The development of the social economy has made it possible to clarify the debate, so that today there is a consensus in Quebec. So when there are areas of conflict for disagreement, we have forums in which those disagreements can be aired and debated.

• (1150)

[English]

The Chair: That's all the time we have, Mr. Lessard.

We're going to move to Mr. Martin, for seven minutes, sir.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you very much.

I don't need to remind people, I think, that it was my motion that asked for this discussion. I was hoping that it would happen earlier. My intention was to make sure that everybody, particularly the new government, understood the exciting possibility that existed in the social economy, and the potential it had to be a real partner going forward.

Now we're in a situation where the funding has been cut, and I guess I'm having a hard time understanding that. The \$39 million cut was referred to as "non-core programming". Yet it got the go-ahead in Quebec, just not in Ontario—particularly northern Ontario, where I come from—and not in the rest of Canada. How that decision might have been made....

I was disappointed when I discovered this morning that in fact the assistant deputy minister, Ms. Scotti, wasn't able to come. I'm wondering if the clerk or somebody else could tell me why that happened and how that happened. This is an important initiative, reflected, I think, by the questions from the Liberals and the Bloc. We need some answers here.

Obviously the member who is here from that ministry doesn't have the financial information with her. I thought she made an excellent case, actually, for the social economy. I have seen some of these same arguments in information I have gleaned through freedom of information, in notes that were made for the minister when she became the minister, on the potential and the exciting possibilities for the social economy. Anybody would be convinced, I thought, that it should go ahead.

In my own riding, we have a ski hill that's in trouble. It would have made a great co-op. With some money, with some of that patient capital, perhaps it could have been as successful as Mount Adstock in Quebec, which did the same thing. As well, some farmers out in our area are struggling because of the BSE and the way that farming is evolving. They could have used some of this money too.

I guess when you look at what's happening internationally, as Ms. Mennie and others have said, where the social economy is in fact one of the major engines out there, in Europe particularly, it boggles the mind. It's a pragmatic response to economic and social challenges presented by globalization forces that are coming at us, with assets and enterprises used to generate both social and economic benefits and the engines of the social economy being credit unions, co-operatives, and social enterprises.

There have been studies done in Canada as well, one in particular by Ted Jackson of Carleton University, who spoke to the very real benefits of going down this road.

I guess what I'm hoping for today is to get some answers on why the cuts were made in the first place, what analysis was done, and what vehicle was used to determine that these were non-core programs. If Ms. Mennie has an answer to that, perhaps I would let her try first.

Again, why were these cuts made, and what was the analysis used to determine that they were non-core, given the very glowing definition of SEI from you and your ministry this morning? And why the rest of Canada, as opposed to Quebec?

• (1155)

Ms. Johanne Mennie: I'm not in a position to answer questions related to expenditure review or to the process that was undertaken to do that, particularly for this initiative.

These initiatives were not the responsibility of our department. It would therefore be inappropriate for me to comment on this issue.

Mr. Tony Martin: Let me try another angle with some of the others who are here.

In fact, I would like to have a further discussion in camera about why Ms. Scotti isn't here this morning. I think it was really important that she or somebody of her calibre in the ministry show up here.

With regard to the Quebec money, when the election happened what agreements were signed already, before the cuts were made?

[Translation]

Mr. Sylvain Savage: I can answer that question.

In Quebec, before the election was called, we had already signed 20 agreements related to the capacity-building initiative. I'd like to point out that the initiative is worth \$4.5 million. Twenty other agreements were then being assessed. Since that time, we completed those assessments and now have 34 agreements. Aside from that, there were 49 projects developed under regular programming as of April 2004. These are projects which we would not have collaborated on in the past, but because of the promotional work we had done within the area of the social economy we had built some bridges there.

We pulled together 49 projects and are still signing agreements to that effect. The most recent project is quite interesting. It was designed in the Gaspé. It is for a foundation whose purpose is to retain young people in the regions. This project addresses the youth exodus problem and should allow for the creation of 60 jobs for young people willing to return to the Gaspé. It is a recent initiative, it dates back to the summer, and we have invested \$3 million in it.

We are currently working on setting up the Fiducie du Chantier de l'économie sociale with the Chantier de l'économie sociale and other partners. The work should be completed at a later date.

[English]

Mr. Tony Martin: Could I ask maybe Nancy and Carol to talk a bit about what their understanding was and what the difference was in what happened in Quebec and why it was so easy to just drop Ontario, for example, or western Canada?

The Chair: Just give a quick response. We're almost out of time.

Mrs. Nancy Neamtan: Okay.

Shortly after the election we met with Minister Blackburn, who was very receptive and very open and understood, I think, very well what the social economy is. I must give credit where credit is due. I think he played a major role with the civil servants in maintaining the initiative, and we really appreciate it.

The Chair: Thank you. That's all the time we have, Mr. Martin. We'll have to come back the next time around.

This is the last one of the first round.

Ms. Mennie, thank you very much for being out this morning.

Mr. Brown, you have seven minutes.

Mr. Patrick Brown (Barrie, CPC): Thank you, Mr. Allison.

I appreciate the very kind question by Mr. Martin about our minister's performance.

I'll move on to a paper written by Alan Painter of the Policy Research Initiative and ask each of the non-government representatives to comment.

Mr. Painter wrote a paper on the role of the government in supporting the social economy, and I just want to read a portion and get your comment:

For governments to support social enterprises...they must at some point come up with the tax revenue to pay for the support, thereby imposing an economic cost on Canadians. Moreover, if governments provide funding directly to organizations, the strength of the relationship between the suppliers of goods and services and the preferences of consumers is weakened, since consumers no longer vote with their dollars. Finally, if government funding is available, a considerable amount of time will likely be spent seeking the funding, and this is also costly to society, which loses what would otherwise be accomplished with this time.

So while there are benefits associated with governments supporting social economy enterprises, there are also costs. Could you comment on those costs and that balance?

• (1200)

Ms. Carol Hunter: I'd be pleased to go first.

Personally, I would argue that the author, Alan Painter, is portraying support for the social economy as an expenditure, not as an investment. On the investment side, with the government supporting.... In terms of the government devolving many of the services to community groups, community groups are actually helping the government achieve its policy agendas, so it is an investment rather than an expenditure.

So I think it's the paradigm from which you approach the argument that is very important.

The Chair: Mr. LePage, do you have some comments?

Mr. David LePage: I think it's very true, as Ms. Hunter has said, that the return on investment has to be looked at. Every opportunity has costs attached to it. But what is the return on the investment? So for the investment the federal government makes in supporting the social economy, the returns in terms of employment, supporting the non-profit sector, services, and environmental impact are much greater than the investment.

So I think Ms. Hunter is correct, and I think the federal government has to use a return on investment model that measures both the economic and the social impact of the investment.

The Chair: Thank you, Mr. LePage.

Mrs. Neamtan.

Mrs. Nancy Neamtan: I would say first that we've had studies that have shown that the return on investment.... For example, there's a network of non-profit enterprises that hires handicapped people; over 3,000 handicapped people are working, fully contributing, and paying taxes. Pierre Fortin, a very well-known Quebec economist, has shown that the money given to these enterprises basically compensates for the loss of productivity linked to the handicapped, and that the cost of these people, who no other enterprise would be willing to hire and who would otherwise be on welfare, is much higher than the contribution to the social enterprises that are out on the market creating all kinds of employment and increasing the gross national product of Canada.

So there are these kinds of studies. If you go to the Harvard Business School or look at their website, you'll see that social enterprise is one of the models that is being looked at very, very closely as something that's in major development within the United States, and in other countries as well.

So, again, I agree with the others. It's a very good investment for government.

Mr. Patrick Brown: A second question would be a general one for everyone. Would you agree that when a new government is elected there is an expectation that the government will look at new priorities and look at streamlining the priorities of its predecessor government, focusing on the priorities in which they promised to invest? For example, we've heard from the NDP that they would change the textbook tax credit if elected. That's fair, because whatever government is elected, they should have the prerogative to focus on priorities and streamline, just as the Liberals did when they were elected in 1993 and cut funding to granting councils by \$77 million and to the research council by \$76 million. That was their prerogative, because they were elected in 1993.

Would it be fair to say there was an expectation within your organizations that there would be a focus on priorities by the new government and that we could expect some changes when a new government was elected?

The Chair: Nobody wants that question.

Why don't we start with Ms. Hunter.

Ms. Carol Hunter: Thank you.

I think that's a very good question. And I do appreciate that the Conservative government needs to look at its own programs. I would

like to applaud the government for rolling out the initiative in Quebec and to the research components.

I also appreciate that the social economy has not been a concept well understood outside of Quebec and that the government and the different departments—Johanne Mennie's shop—need to understand what that means. But as we've heard from Ms. Mennie, tremendous research has been done to demonstrate now that the social economy is an investment, that it works, and that it's in multiple sectors and multiple countries. So given that the research has gone forward, I would suggest that the government now has an opportunity to show leadership and to build on the evidence from Ms. Mennie's shop by reversing the decision to roll up the social economy. I also appreciate there was a need to better understand it and perhaps to better brand it as a Conservative initiative.

But I would applaud Ms. Mennie's shop, because we now have solid empirical evidence that it works.

● (1205)

The Chair: Do you have some comments?

Mrs. Nancy Neamtan: I agree with what was said. We went through the same thing in Quebec, where there was a certain perception that this was a partisan issue. There have been changes in government, including in municipal governments that have been supporting the social economy.

I would say this is a good opportunity for us to be able to explain to the new Conservative government that this is good for government, even from the perspective of saying we want less government; this is communities taking in hand some of the social and economic issues that normally and traditionally people like myself perhaps would be asking government to do. It's a question of individual and collective responsibility, so in many ways I think this is a very profitable kind of investment for all governments, and I hope that through these hearings and further discussions you will be able to understand how we can contribute to your attaining your objectives.

The Chair: Thank you, Ms. Neamtan.

Mr. LePage, just a quick comment, as we're almost out of time for this round.

Mr. David LePage: I think it's very important to look at this as a non-partisan opportunity, and to look at examples. I would mention that last week in the United Kingdom, their government rolled out a social enterprise plan that is very effective and very comprehensive. That would be a great example for all parties to look at.

The Chair: Thank you, Mr. LePage.

We're going to move now to the second round.

Five minutes, Mr. D'Amours.

[Translation]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Mr. Chairman.

First off, I'd like to make a comment. I feel that it is offensive for the department to call people to appear before us who do not do so. A woman from the Community Development and Partnerships Directorate at the Department of Human Resources and Social Development has left. So, there's no one left from the department. I find that really deplorable and shameful, because we have questions to put to them, and no one is there to answer.

Second, I understand that the conservatives are saying that they are not in favour of supporting the social economy. However, I disagree with their position. The fact that there is a new government does not mean everything has to be changed. In my opinion, the social economy is a very important thing.

Mr. Savage, I'd like to know your opinion. I only want a yes or no answer from you. Is the social economy a good thing?

Mr. Sylvain Savage: Yes.

Mr. Jean-Claude D'Amours: If so, why are we cutting 30 % of its budget?

And I would go even further. I understand that you found that some people had done good work, but there is a fact we have to contend with: 30 % less next year.

My question is for Ms. Hunter and Mr. LePage.

We may find that it is good for a region, however, how come ACOA is not here to speak to these cuts? Why is it that FedNor isn't either? Why isn't Western Diversification Canada not here either to discuss the cutbacks that it is facing?

In our regions and in my region, New Brunswick, in the Atlantic provinces, we were hit by these cuts. If departmental representatives are not here before us today, it is because the government actually tried to avoid having certain questions asked.

My question is for all three of you, Ms. Hunter, Ms. Neamtan and Mr. LePage. Were you consulted before the announcement was made that \$40 million would be cut? Forty million dollars out of \$132 million is exactly 30 % of the budget.

First off, were you consulted? Second, did the government fulfill its obligations throughout this country from coast to coast to coast, by carrying out such cutbacks?

[English]

The Chair: Ms. Hunter.

Ms. Carol Hunter: The social economy initiative rolled out in Quebec more quickly because they had a network they could more quickly mobilize through the leadership of Le Chantier. Across the rest of the country the groups were not as well organized, so they were not as far along in signing the contract and getting it signed.

Even though it happened faster in Quebec because of the networks that existed, that does not mean there was less need outside of Quebec. One could actually argue that there's a profound need for the networks that are not as mobilized and advanced for the rest of Canada. So there is a great need for capacity-building and financing support to nourish the social economy networks across the country, and we were not consulted on the decisions.

•(1210)

[Translation]

Mr. Jean-Claude D'Amours: Mr. LePage, if you will.

[English]

Mr. David LePage: We should also clarify that the amount cut from the budget does not recognize the total loss. My understanding is that was the amount Treasury Board had already authorized. There's another \$40 million in the original 2004 allocation that I'm not certain was ever brought forward, so that may also be missing out of the \$132 million.

I think we have to understand that a lot of that money was in patient capital, and as the Quebec experience shows, that would have been leveraged. So this cut was much larger because we lose the opportunity to leverage the money with other investors, such as credit unions.

We were very close in working with the western diversification office, and I know that our membership was working very closely with FedNor and ACOA to move forward on these. So the consultation from the regional development agencies was very strong.

Mr. Jean-Claude D'Amours: Were you ever consulted before the cuts, and did the government ask you what the impact would be if they cut that money?

Mr. David LePage: We were not specifically consulted or asked, but we obviously had made our position known.

M. Jean-Claude D'Amours: What was your position?

Mr. David LePage: We were very supportive of the continuation and the rollout of the money, and we were very surprised at the cut because we were not informed of it being discussed.

The Chair: Thank you very much.

We'll move to our next questioner, Monsieur Lessard.

[Translation]

Mr. Yves Lessard: Ms. Neamtan, are there social economy groups working on literacy?

Mrs. Nancy Neamtan: No, that is usually done by volunteer organizations. We do not sell literacy services. Some of our insertion enterprises do offer corporate training for under-educated individuals, but we do not have literacy initiatives as such.

Mr. Yves Lessard: Correct me if I'm wrong, but I believed that there were literacy groups. Literacy does not only mean teaching people the alphabet; it goes beyond that. There are social economy groups working in the field of social housing and there are grassroots community groups who are responsible for meals on wheels and that sort of things.

Mrs. Nancy Neamtan: Indeed, there are some initiatives to help under-educated people enter the workforce and to address basic training issues. There is also at least one social economy enterprise selling literacy services in the workplace. Employers pay for these services. We are not involved in this field, but grassroots education groups may not be directly involved either. It is mostly covered by the volunteer sector.

Mr. Yves Lessard: In that regard, you do not feel hit by the literacy cutbacks.

Mrs. Nancy Neamtan: We do have an opinion on that, of course, but I think we are here to discuss other matters.

Mr. Yves Lessard: I understand. Last week, we heard from several groups who discussed the impact of cutbacks on literacy. I understand the distinction you are making. However, Mr. D'Amours's question remains with respect to cutbacks to social economy partnerships. This answer seems somewhat surprising to us, but either way, we will look into it.

I'd like to get back to Ms. Hunter.

Ms. Hunter, at the beginning of your presentation, you referred to the idea of striking a job creation partnership. Can you tell us a little bit more about that, specifically with respect to the development of new support programs. You mentioned patient capital, tax incentives — which are current programs — and you finished off by saying that there needs to be a job creation partnership developed.

I'd like to know what you meant by that.

[English]

Ms. Carol Hunter: The point was made—I just don't recall who made it—that the social economy is essentially an entrepreneurial movement. But a key part of that is job creation, whether it's through a co-operative or another kind of social enterprise. What we know best, of course, are co-operatives—the Canadian Co-operative Association.

An example of that entrepreneurialism is succession planning for small rural businesses. The private owner may be going out of business and want to look at another model where the community owns the organization, or through a worker co-operative the employees own the company that's going out of business in a rural community. So through a partnership between the local municipality—the community could be a key part of the partnership as well—and that organization, the succession planning model is very effective for rural and remote communities.

There are partnerships with the provincial governments as well. But social enterprises are essentially entrepreneurial, so job creation is a very key component of that.

Another recommendation is on tax credits, where the members of an emerging co-operative can invest in a new enterprise and receive tax credits. It's another way that producers in agriculture or a worker co-op can claim some ownership over the enterprise, through having a modest tax investment or credit, as we have in Quebec right now. We have a very robust tax credit program right now to capitalize agricultural and worker co-ops. That is a very effective partnership with the provincial government in Quebec through tax credits. We don't have that outside of Quebec.

●(1215)

[Translation]

Mr. Yves Lessard: Practically speaking, what needs to change with respect to financial support? Earlier on, in speaking with Mr. Savage, we understood that there had been additional financial commitments. You also stated that long-term investments needed to be made. From a policy standpoint, I would imagine that to say so means that you have already identified elements requiring additional financial support. Which ones?

[English]

The Chair: Ms. Hunter, we're out of time, but I'd like a response to that, if you could.

Ms. Carol Hunter: I'll just highlight one particular sector, then, in terms of agriculture and farmer-owned businesses. I think there's a need for some long-term investments in that particular sector. There's increased consolidation and concentration in that industry, and farmers really need to have some impetus to invest in their businesses.

The Chair: Thank you.

And thank you, Mr. Lessard.

We're going to move to Mr. Martin. Five minutes, sir.

Mr. Tony Martin: Thank you.

I want to follow up on why Quebec and not the rest of Canada, given that many of us around this table represent regions that could use some of that investment. I think Mr. Watson and Mr. Brown could probably use some of this kind of stimulus in their areas.

To Ms. Neamtan first, I want you to comment briefly on the issue of whether contracts were signed or not. Because we did an access to information request, and it said "All pre-existing contractual obligations will be honoured." That was the reason they were giving for not going ahead with Ontario and western Canada. Also—and this part of the question as well—they said, "Responsible spending is a cornerstone of accountable government. After reviewing these social economy programs, a determination was made that they did not meet the priorities of the federal government and Canadians."

Given that, and the comment about this not being a core program, first of all, in regard to the contracts, are you worried in Quebec that you'll be next, in terms of cuts?

Mrs. Nancy Neamtan: The first thing I would say is that we were at a very advanced stage, as Mr. Savage mentioned, when there was a change in government. There had been a call for proposals, there had been a jury, there had been acceptance, there had been a letter. There were negotiations. There were partners around the table. The Quebec government was involved. So for the patient capital fund, we were very advanced. I can't speak about what that meant legally.

Again, I must say that we were consulted by the minister, and the minister was open. I think the minister understood, perhaps because of the vocabulary, perhaps because he could see within his own region how important social economy was, but it was very open and very supportive.

The rest is something that is beyond my particular vision or understanding of how the dynamics went on. But again, I would say that we were very advanced, our collaboration. There were a lot of partners around the table. It was public knowledge, and the minister supported us. I guess that's a key thing as well.

I don't know if I'm answering your questions.

Are we worried? Obviously we are here because we certainly support that this initiative continue and roll out in the rest of Canada. We feel very strongly that this should be an important initiative of all governments. It's not just a Canadian issue, and it's not just a Quebec issue. It's an international phenomenon that is responding, I think, to the needs of the 21st century. And certainly we hope and we are determined, and we're convinced that we'll be able to convince you.

• (1220)

Mr. Tony Martin: Ms. Hunter, since FedNor is not here, the minister is on the record in a letter to *The Sault Star* in Sault Ste. Marie as saying that it was never a northern Ontario program for FedNor, but a FedNor expenditure never implemented.

Why would Quebec have been so far advanced? I think I know some of the answer there. This money was announced, it was supposed to be flowing, yet here agencies like FedNor and the western Canada agency were nowhere close to actually getting this out the door.

What was the problem, and why would it have been so easy to cut?

Ms. Carol Hunter: First of all, on FedNor, it was almost signed. The contract had been written, and the Ontario Co-operative Association and the credit union system in Ontario and the francophone group in Ontario had mobilized and had invested considerable effort to get to the contract stage. So I should make that point. They were far along in Ontario. They hadn't actually signed the contract, but all the details of the delivery and the governance had been worked out.

As I commented earlier, it is the case that the social enterprise movement is more fragmented outside of Quebec, so it does take time to bring all the different groups together, which they had done in Ontario. But in the east and the west, in the prairies particularly, the groups had not yet come together to the point of actually writing the contract. That was the stage they were working on, and they were investing efforts in relationship-building across the different industry sectors with non-profits and for-profits. It does take time to do that relationship-building.

That's actually one component that was so exciting about the social economy, that it gave an opportunity to do that relationship-building across multiple sectors, like charity, non-profits, for-profits. But they were more advanced in Quebec, certainly, because of Le Chantier, I would argue.

The Chair: Mr. Martin, you have 15 seconds left.

Mr. Tony Martin: Obviously the co-op sector was one of the vehicles that was going to be used to move some of this money out and get it working and happening. How much in Ontario, in your experience, did the co-op sector lose because of this?

The Chair: Could we have a quick response, Ms. Hunter? We're out of time.

Ms. Carol Hunter: Yes.

It was about \$28 million.

The Chair: Thank you very much.

We're going to move to Mr. Brown for the last question of this round. You have five minutes, sir.

Mr. Patrick Brown: Thank you, Chair.

My question will be to the Canadian Co-operative Association.

Ms. Hunter, I know your organization has been quite involved with fighting poverty in the developing world. I just wanted to touch a little bit on how this new government is assisting your efforts. I understand that recently, at the 2006 Global Microcredit Summit in Halifax, the Minister of Foreign Affairs and the Minister of International Cooperation earmarked \$40 million to help the poor in developing countries.

Hon. Geoff Regan (Halifax West, Lib.): Point of order, Mr. Chairman. Today we're having this meeting to study the social economy initiative, and this has nothing to do with it.

The Chair: I'm going to allow the question. We'll see where he's going here.

Hon. Geoff Regan: What's relevant about it?

Mr. Patrick Brown: Helping those in need in third world countries may not interest some, but I'm certainly interested in it.

I understood that your organization in particular, which was invited to come today, was given a grant of \$19.5 million to support the development of credit unions and cooperatives in less developed countries, and I wanted to know if you could touch a little bit upon that, so that we can understand the good work your organization does.

Ms. Carol Hunter: We've had a longstanding partnership with CIDA for the partnership program, which was mentioned, which is a very important program for us. We built cooperatives and credit unions in over 20 countries with the support that we got from CIDA. That actually demonstrates our long track record of social enterprise development and poverty alleviation working through the cooperative model in other countries, but we argue that in Canada we also have poverty, and we also have a need to address the needs in our communities in Canada as well, not just offshore in other countries, in developing countries.

The other point I would make is that in our international programming, we see that you need to marry the technical assistance and capacity-building with the finance as well. That was the beauty of the social economy, that it blended the finance and capacity-building pillars together. We have a long track record with our international work that shows the success of that.

•(1225)

Mr. Patrick Brown: Your organization recently applauded the government's promise to create 25,000 child care spaces. I want to know if you can touch a little bit upon the co-operative model in terms of how the Canadian Co-operative Association's model could be helpful in the creation of child care spaces.

Ms. Carol Hunter: Actually, regarding the child care spaces initiative—I believe that's the program—we were invited by the Conservative government to submit a paper on the application of the child care co-operative model, and we were pleased to do that. The multi-stakeholder model is a very effective model that can actually increase productivity in the workplace when parents are involved in the care of their children in a child care co-operative. So we have certainly long been of the opinion that that is the co-op model that is relevant to the child care co-op sector.

Mr. Patrick Brown: Have you been involved before in the creation of child care spaces? Have you been at the table with the government before to look at ways to create more child care spaces, or is this more of a new initiative?

Ms. Carol Hunter: As part of promotion of the co-operative model, we've been promoting child care in child care co-operatives and funeral co-ops, but in terms of any particular initiative with just child care, there was no particular initiative in the past, or with the current government. We've been invited to give information on the child care model, but there's been no programming, to my knowledge.

Mr. Patrick Brown: It sounds very interesting. Thank you.

The Chair: With regard to Mr. Brown's question, I see here the Grimsby Co-operative Preschool, which is from my area. How would that work? Would that help reduce the cost of the overall child care because of parent involvement?

Ms. Carol Hunter: It's not so much that the child care is cheaper through a co-operative model, but it's the governance structure, because the parents and the staff who work in the child care co-op are also involved. It's not a for-profit model, which does not involve the parents as much. That's the exciting part of it: the multi-stakeholder element, which involves the staff and the parents. The parents can go to work, and be assured that they have quality child care, because they're part of the governance of that child care.

The Chair: It's very interesting.

Mr. Regan, you have five minutes.

Hon. Geoff Regan: Thank you, Mr. Chairman.

In response to my friend Mr. Brown, I want to make it very clear that I'm certainly interested in the international development work Canada is involved in. Of course there's a reason why we, as members of Parliament, organize ourselves into committees focused on particular topics, and today we're focusing on a domestic program in social economy initiatives that's been cut by the government to the tune of \$40 million. I think it's reasonable to ask members to stay on topic. That's what meetings are about, Mr. Chairman. We try to do that.

Now, Mr. LePage, did I hear you say that the original amount for the initiative was \$240 million?

Mr. David LePage: No. The original amount was \$132 million, as was explained earlier, but the cut recently of the \$40 million was from, in my understanding, the amount that Treasury Board had already approved. There is another \$40 million to \$50 million out of that \$132 million that still is not on the table.

So if Quebec was allocated a total of \$25 million and SSHRC was allocated \$13 million, that still leaves a lot of the \$132 million missing.

Hon. Geoff Regan: The budget of 2004 set out \$132 million for this initiative and then gradually Treasury Board approved certain aspects. For instance, it approved the \$40 million, but there was still \$40 million or \$50 million that it hadn't approved.

Mr. David LePage: Correct.

Hon. Geoff Regan: Can you tell us, or can someone tell us, do you know what areas will not receive funding because of this cut? For example, do you happen to know for a fact—because no one else from the department here seems to know—whether or not this means that ACOA, the Atlantic Canada Opportunities Agency, will get no money, WED will get no money, or FedNor? Is that what this means, or do you know?

Mr. David LePage: My understanding is that's exactly what it means, that there will be no portion of this allocated money going to any of the RDAs, other than Quebec. We're very pleased that Quebec has received their money. We think it's great. But we think there ought to be equal distribution.

And I think we also have to be very careful. We have to focus on this initiative, but there are other pieces of it. We've got to look at the policy pieces, the procurement discussion as well. So I would encourage you to continue to focus on the financial contribution, but also to look at the policy and the procurement issues that were affected as well.

Hon. Geoff Regan: Considering the success of this initiative in Quebec, with over 6,000 enterprises, including over 2,000 cooperatives and nearly 4,000 non-profit organizations, and 65,000 jobs, etc., do you see any reason for not continuing to pursue the same initiatives outside Quebec?

I'm going to have the other two witnesses from each sector give us their comments on this. Mr. LePage, you first.

•(1230)

Mr. David LePage: We are pursuing it every day. The program I operate, Enterprising Non-Profits, is a joint partnership of six funders, two foundations, the private sector, as well as the United Way and Western Economic Diversification Canada, to provide enterprise development funds to non-profits across British Columbia.

We've invested in 124 start-ups across the province over the last seven years, investing \$750,000. There are private sector partners through the B.C. technology social venture partners who are now investing in the social economy and are looking to have that leverage. The credit unions...the Vancouver City Savings Credit Union is very well known for their investment. This is going on.

What this contribution would have done is really jump-start and scale some issues up. But the social economy is going on and it's successful. What we need is that kind of support to move it to the next level, as they have done in the U.K.

Hon. Geoff Regan: Thank you.

Ms. Carol Hunter: I would just add the comment that certainly there is no good reason why it should not be rolled out. We see the success in Quebec.

If the name "social economy" is a barrier to many Canadians and has a flavour of socialism, which may alienate some Canadians, then I would argue that the community enterprise, which is the same thing as a social enterprise, may be better understood outside of Quebec. So for a rollout in the future, I would suggest a need to perhaps rebrand it so that Canadians don't see it as a barrier, because it's certainly not about socialism.

Hon. Geoff Regan: Certainly there are lots of good organizations that are supported by this, or would be supported by this, and that are involved in the social economy. We can call them volunteer groups, community enterprises, or whatever. The point is, they're doing good work and could do a lot more.

Mrs. Nancy Neamtan: Again, I would say that what's important to see is that the role of government is leveraging. I think we've seen it in the initiative in Quebec around the *fiducie*. It's true from the Quebec government's intervention. We see it in other countries as well.

This is an entrepreneurial movement. We are entrepreneurs, and we are going to continue no matter what happens. But it's true with the private sector as well. Governments have always had public policy to support private entrepreneurs, and we feel simply that those kinds of policies should be adapted to support social entrepreneurs. It's the way of the future. It's a way of having less government and a better quality of life, and I think it should appeal to everybody.

The Chair: Thank you.

And thank you, Mr. Regan.

I'm going to take the next round and maybe just hitchhike on what Mr. Regan was asking and what I think you also mentioned, Mr. LePage.

Mr. Martin proposed that we study this, and I appreciate that, because I certainly was aware of the social economy but not to the extent of what happens with it. So this has been good for me today to hear a bit more about what happens.

Mr. LePage, you talked about return on investment as obviously being something, and Ms. Neamtan mentioned that as well. How do we judge this? How do you figure out what your return on investment is? If there is \$1 billion invested, how do you determine whether it's \$1 billion or \$3 billion? And what are some of the tools you use? We've talked about leverage. It was talked about before.

Maybe Mr. LePage, and then Ms. Neamtan, and then Ms. Hunter, just talk about what kind of leverage we are getting, and how do you measure that? How does that happen?

Mr. David LePage: On the leverage, I think some of the simple responses are the number of jobs are created for people such as those Ms. Mennie talked about in The Cleaning Solution who are moving

off welfare or out of homelessness, and the youth groups in Saskatoon who are moving away from the criminal system. We can measure those types of things. We can measure the amount of money, the income that the enterprises are doing. As Ms. Mennie mentioned, at VanCity Community Foundation and VanCity Credit Union we actually are working with a group of people, including HRSDC, on creating a better tool that would be more capable of measuring these returns on investments.

There are examples—in the U.K., the new economics foundation, and in the U.S., the Roberts Enterprise Development Fund—that have developed tools, so we can look at best practices and create a Canadian model that's simple for both funders and enterprises to use.

The Chair: Thank you, Mr. LePage.

Ms. Neamtan.

Mrs. Nancy Neamtan: We already have some indicators, such as obviously the jobs created. We talked about even measuring financially how much less it costs the government when the handicapped or other people are working, as opposed to being at home with government support.

I can give you an example. We set up an investment fund eight years ago with private donations and support from the Quebec government to do small loans to over 300 social enterprises over the past eight years, and the leverage has been nine for one. For every dollar that we have invested in these enterprises, they've been able to get nine times more from private capital, like any other entrepreneurs.

There are different measures, but obviously that's one of the reasons why the research component is important. We have to have better tools—and this is an international question—to be able to measure the return on investment, but we already have a lot of indicators that show this is a good investment.

•(1235)

The Chair: Ms. Hunter.

Ms. Carol Hunter: I would just add, for co-operatives, certainly in terms of our return on investment, we have patronage dividends with co-operatives that recirculate in the community, and you could actually commodify volunteerism of co-operatives with those 75,000 directors that sit on co-op boards. For every little co-op board started, you have volunteers that don't get per diems, and you could commodify that, but I'd agree with Nancy that we need more robust tools to actually measure the ROI, social return on investment.

The Chair: I'd just encourage you as you move forward—I think it's probably key—to develop those tools so a government can understand, regardless of who's in power. You are leveraging certainly volunteer hours and some of these other things, and these are good indicators, as governments determine their priorities—what they're going to spend on and where some of that money should go. I appreciate hearing what's happening in the social economy.

We're going to move to Mr. Lessard. We're going to have another round. Mr. Lessard, for five minutes, please.

[Translation]

Mr. Yves Lessard: Thank you, Mr. Chairman.

My question is for Ms. Hunter. Budget 2004 allocated \$132 million to the social economy initiative in other words \$17 million over two years for capacity building, \$100 million for the creation of a patient capital fund and \$15 million over five years for research on the social economy.

There was also a commitment to improving access for social economy enterprises to government services programs. This project which was developed in 2004 was to have started in 2005-2006. Experience has shown that it did get a start in Quebec, but not elsewhere in the country.

I'm trying to understand how we can deal with the cutbacks of last September 25th. Under the \$1 billion cutbacks brought in by the Canadian government, \$39.2 million, or practically \$40 million, will serve to eliminate unspent funding for social economy programs.

I make these two points as I try to understand the answers we've been given. On the one hand, we see that this project, the social economy initiative, which was to start in 2005 has not yet begun elsewhere in the country. On the other hand, you said earlier on that your organization believes investments need to be made under the job creation initiative, namely for farming enterprises. Forty million dollars of unallocated funds are being cut.

Do you not believe that these \$40 million could have been used for initiatives you mentioned earlier on and to begin other projects throughout the country?

[English]

Ms. Carol Hunter: Absolutely. One interesting thing would have been to have measured the lost opportunity costs by not rolling out the program. What have we lost by not going forward with a number of initiatives? Clearly, we don't have the instruments to do that measurement, but by not making the investments, by not kick-starting small enterprises that could get started—as Nancy says, it's nine to one in Quebec—if you use the same arithmetic with the leveraging argument, we have a lot of lost opportunities.

I should add, too, that the Nova Scotia Co-op Council had been working with groups in Nova Scotia to create a consortium for the social economy, and they had leveraging of about \$30 million from different sources in the Atlantic region, had the social economy rolled out. So one could argue that had it gone forward, if you add that \$30 million from other sources, there's a lost opportunity there.

• (1240)

[Translation]

Mr. Yves Lessard: Ms. Hunter, when we see, for example that the connections in the social economy are more spontaneous and relaxed between local governments and provincial governments, would it not have been a good idea that the money allocated by the federal government be given to the respective provincial governments so that they could support the projects with the social economy groups, in order to not carry out the \$40 million cutbacks whereas the needs are those that you have described?

[English]

Ms. Carol Hunter: With other programs, like health care, there's value in having a national policy directive and coordination at a national level but delivery at a provincial level. I would still argue that there is a key role for a federal government to play in a social

economy, not just devolving it all to the provinces. You have certain principles with health care that you don't want the governments to just take over.

I would also suggest that the governance structure under the old social economy was cumbersome, with Industry Canada working with the RDAs for the rollout and the policy being done within HRSDC. We've seen some examples, with Ms. Mennie not able to speak to the rollout but she could to the policy. So I would argue that if it is rolled out there be some reconsideration of the cumbersomeness of the government's model—

[Translation]

Mr. Yves Lessard: Were you consulted before the \$40 million cutbacks were made?

[English]

Ms. Carol Hunter: No.

[Translation]

Mr. Yves Lessard: You were not consulted. Had the \$40 million been given to the provinces, you would have had something to say about it, because the money would have been available to the organizations concerned.

Do you not find it unusual that there are unused funds whereas the needs you spoke of exist and that it is only after the fact that it is realized that the funds were available? Is that normal?

[English]

The Chair: Just a quick response, Ms. Hunter. We're over time, but a response would be great.

[Translation]

Mr. Yves Lessard: You can give a yes or no answer. Is that normal?

[English]

Ms. Carol Hunter: I'm not sure. I'm not sure I understood the question, to be honest. I would say the province didn't have the money yet, so there was no money—

[Translation]

Mr. Yves Lessard: It is very short, Madam. Is it normal that the funds were not used whereas the needs existed and the funds were available, yes or no?

[English]

Ms. Carol Hunter: It's abnormal to have a national program that's not rolled out across the country, if it's called national.

The Chair: Thank you.

We're going to move to Mr. McGuire. Five minutes, sir.

Hon. Joe McGuire (Egmont, Lib.): Thank you, Mr. Chair.

On the Economic Development Agency of Canada for the regions of Quebec, I understand some changes have been made in the involvement of the minister in the everyday practice of the agency. In the past the agency could approve projects up to half a million dollars, and I understand that's been dramatically reduced, that the minister has taken over the signing authority on projects of very low cost. Could you inform us about the changes that were made between the minister sign-offs and the way it was before the new minister for regional development in Quebec took over?

[Translation]

Mr. Sylvain Savage: As far as the average value of projects is concerned, there was no impact. The fact that it was the Minister, Mr. Jean-Pierre Blackburn who signed the agreements and approved the projects had no impact on the average value of the projects, if that is what you are asking.

There was no minimum or maximum amount. The minister can approve projects whose value is under \$10 million, and that is still the case today.

[English]

Hon. Joe McGuire: What are the limits? How large a project can the president of the Quebec agency make on his own, without ministerial approval?

[Translation]

Mr. Sylvain Savage: Are you talking about programs in general, or only those involving the social economy? If you are only talking about the social economy, I can tell you that generally speaking the projects are...

[English]

Hon. Joe McGuire: General projects.

[Translation]

Mr. Sylvain Savage: The average must be approximately \$250,000 per project, in general. Very big projects are approved as are very small ones. It varies from \$10,000 to several millions.

• (1245)

[English]

Hon. Joe McGuire: Do all these projects go to the minister's office, or only those over \$250,000?

[Translation]

Mr. Sylvain Savage: All projects are approved by the minister.

[English]

Hon. Joe McGuire: All the projects.

Do you find with that political involvement that your ability to get projects approved and implemented in Quebec has been delayed somewhat, or quite a bit? This has to take an awful lot of time, for the minister to be signing off all the projects. You would have literally thousands of projects in a year. If he's looking at every one of them and his staff is evaluating them all and making recommendations to the minister, above and beyond your evaluation at the provincial level, wouldn't that really throw a major dam into the ability to get projects implemented in the countryside?

[Translation]

Mr. Sylvain Savage: It is true that we approve between 1,000 and 1,200 projects per year. Currently, the statistics on the number of projects approved indicates that that trend is continuing. There has been no real changes.

It is true that this brought about some delays for the projects under \$100,000. In the past, the minister only approved projects worth more than \$100,000. Now, he approves all the projects, including those under \$100,000. This causes some delays for those projects, but it is nothing dramatic. We manage to work very well and to support the projects. This is the case because we recommend them. Officials recommend all the projects, analyze them, and we make recommendations. The fact that the minister signs off on them adds three or four days to the process.

[English]

Hon. Joe McGuire: But then he likes to wait until he has a week off from the House to go around Quebec making the announcements. Wouldn't that be a further delay for those small projects that communities are anxious to get going on and get people working?

[Translation]

Mr. Sylvain Savage: No, when we prepare the documents to be signed, if necessary, we accompany the minister to the region, for example. We even went to Toronto in order to have him sign off on projects.

[English]

The Chair: Thank you, Mr. McGuire. That's all the time we have.

Mr. Martin, we're going to give you another round of five minutes.

Mr. Tony Martin: I just want to put a question in context, the socialist question that was raised.

Across Europe there are socialist parties that are in government promoting these kinds of enterprises. They are called the social economy. They are huge, from what I understand, in Europe. I've been to Ireland and Finland and have seen some myself.

I'd like maybe one of you—Dave, Nancy, or Carol—to talk a little bit about the global perspective on this. By not moving forward aggressively, which we're not doing now in Canada on this social economy, how does that affect our place in the world and our ability to compete and to keep up with what's going on elsewhere?

Ms. Carol Hunter: I would just say that Canada prides itself on having a mixed economy. It's not a socialist economy; it's not just a private sector economy.

The point was made earlier that the social economy really is an apolitical issue. It's something that other governments in Europe have recognized from all parties, that it's a very important part of the economy. I would just say that the social economy is something that I would hope all parties would support, because it's an investment in the community. I think Canada would be losing an opportunity and detracting from its worldwide reputation as having a mixed economy if it did not roll out something as significant as the social economy, because what is the message we're saying to Canadians, that we only support the private sector?

Part of our reputation would be reinforced by rolling out the social economy, because we do very much have a mixed economy. It's part of our reputation on the international stage.

The Chair: Mr. LePage, did you have a comment as well?

Mr. David LePage: If we all agree on strengthening communities, then the community has to be provided the tools and the resources to be able to do that. I think we've established within Canada the beginnings of a very strong social economy. Quebec is an extremely valuable example.

When we look at other examples, of what's going on in other countries—to speak to your question, Mr. Martin—just look at what happened in the U.K. last week when they brought together social enterprise and government and put together a tremendously comprehensive social enterprise plan. One of the people who led that discussion is Jamie Oliver, who is using his restaurants to hire youth at risk on the streets. He's now doing that internationally. They have restaurants across the world. They don't have one yet in Canada, so let's invite him.

• (1250)

[Translation]

Mrs. Nancy Neamtan: As I said a little earlier, on the international scene, the Québécois model, that is to say everything that is going on in Quebec in terms of the social economy, is considered exemplary. Last week, there was a summit for Quebec; despite that, we welcomed people from 20 countries. In Quebec, there is a partnership between the Quebec government, municipalities and many other partners. Obviously, the contribution of the Canadian government would have been beneficial. I think it would be good, but the main reason why the Canadian government should pursue and intensify its policies in favour of the social economy is that this would meet the needs of Canadians.

It is an issue of presence in all areas and many other issues as well. The other countries are beginning to realize the importance of this social entrepreneurship and what it can bring about. We have much to learn from other countries. Quebec has an exchange program with Brazil. Furthermore, the *Fórum Brasileiro de Economia Solidária*, which means the International Circle of Economic Solidarity of Brazil, spoke at our event last week. In a few weeks time, we will be going to Argentina, because there are already exchanges that exist between the Argentine government and Quebec's on the issue of the social economy. We have already participated in meetings with all of the European countries and we have had meetings in Africa as well. The social economy initiative in Quebec has had an excellent outreach, and we would be pleased to see the social economy of Canada as successful in this regard.

[English]

The Chair: Thank you, Mr. Martin.

Ms. Yelich, you may have just a couple of questions before we wrap up.

Mrs. Lynne Yelich (Blackstrap, CPC): Thank you.

I'd like to pick up on this. You noted that recently the social economy is an international trend and pointed out how other jurisdictions are supporting it. You noted that some European governments have preferable procurement policies for social

enterprises, because they address employment and economic concerns for our vulnerable populations.

Have you studied the feasibility of governments in Canada pursuing similar measures? Have you done any studies? Or Ms. Neamtan, you—

Mrs. Nancy Neamtan: These are some of the discussions that had begun when the social initiative started. These are discussions from which, for example, the City of Montreal has just announced that they're going to adopt a social economy policy that goes in the same sense, and there are some discussions going on in Quebec.

We have more done a survey of what's going on internationally than looked at the specific impacts. But, certainly, these are discussions we would like to have with government, because it's very hard to do it on our own.

Mrs. Lynne Yelich: Okay, thank you.

I have no more questions, I'll just mention to Mr. Martin that if he does get a ski hill social economy going, I have one in my riding that's desperate, and it's a socialist government ruling our province, so I sure appreciate that.

Mr. Tony Martin: It will be first on the list.

The Chair: You could franchise these across the country.

Let me thank the witnesses who came out today. Thank you very much. This has been enlightening in terms of what you're involved with as a social economy initiative, and we want to thank you for being here and taking the time. Once again, thank you very much.

Mr. Martin, did you have something for us? Did you want to propose something?

Mr. Tony Martin: Yes, I was wondering whether, given that it has been a very enlightening session with a lot of good questions asked and a lot of good information presented, we should have a report done that we would then submit to Parliament for their perusal.

I move that we develop a report; that we charge the research staff with doing it initially and then approve it and move it forward.

The Chair: That is, we would do a summary of what's happened here today?

Mr. Regan.

Hon. Geoff Regan: Mr. Chairman, I'm not speaking in opposition to that motion, but it seems to me we've had an incomplete study of this issue, and we really ought to have people who can answer some more questions. We've had very good answers from the witnesses we've had and we appreciate that, but certainly, on the question of why this is not going forward with ACOA, with FedNor, with Western Diversification, it's not clear at all what the basis is for that.

It seems to me we ought to have either the Minister of Industry or—maybe as well as—the Minister of Human Resources, and deputy ministers, whatever, but I'm not satisfied at all. I think we should have another day and I'm pleased that Mr. Martin brought this issue forward. I think this is an important initiative that we ought to examine further and then do our report.

• (1255)

The Chair: Mr. Lessard.

[*Translation*]

Mr. Yves Lessard: Mr. Chairman, I do not understand what my colleague's intention is. It seems to me that our deliberations usually allow us to analyze, to understand the given situation and to be in a position to make a number of observations and even, sometimes, recommendations.

As the matter stands now, I agree with our colleague Mr. Regan. In my opinion, two components are missing. We have to complete our analysis, and there is a divergence of opinions on the contribution that the federal government might make. In that regard, I feel that it would not be the right time to send a report to the House of Commons, given the factors we are currently aware of. It could be different at another time. I think it would be somewhat misleading to the House of Commons, as we have not yet completed our analysis.

[*English*]

The Chair: Okay. I have a motion before the table that we would conduct a report.

Mr. Martin, do you want to speak to it?

Mr. Tony Martin: No. I understand what my colleagues are saying, and this absolutely isn't complete by any stretch of the imagination. It was in light of perhaps not doing anything further that I thought we needed to capture what happened here today and present it some place else.

I'm fine with trying to find some further time to do further work on this. Perhaps we could do it later this afternoon at our subcommittee meeting, where we might discuss and look at the time we have available to us and how that might fit in with looking at other priorities the committee has before it.

The Chair: Okay. Do we have the unanimous consent of the committee to withdraw the motion at this point in time?

Some hon. members: Agreed.

The Chair: If there's no further business, the meeting is adjourned.

Thank you, Mr. LePage, for being here.

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