



**HOUSE OF COMMONS
CANADA**

**THE IMPACT OF APPROVAL AND PAYMENT
DELAYS ON DEPARTMENT OF CANADIAN
HERITAGE RECIPIENT ORGANIZATIONS**

**Report of the Standing Committee on
Official Languages**

**Steven Blaney, MP
Chair**

**NOVEMBER 2009
40th PARLIAMENT, 2nd SESSION**

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

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
<http://publications.gc.ca>

Also available on the Parliament of Canada Web Site
at the following address: <http://www.parl.gc.ca>

**THE IMPACT OF APPROVAL AND PAYMENT
DELAYS ON DEPARTMENT OF CANADIAN
HERITAGE RECIPIENT ORGANIZATIONS**

**Report of the Standing Committee on
Official Languages**

**Steven Blaney, MP
Chair**

NOVEMBER 2009

40th PARLIAMENT, 2nd SESSION

STANDING COMMITTEE ON OFFICIAL LANGUAGES

CHAIR

Steven Blaney

VICE-CHAIRS

Yvon Godin

Lise Zarac

MEMBERS

Sylvie Boucher

Hon. Michael D. Chong

Jean-Claude D'Amours

Shelly Glover

Monique Guay

Richard Nadeau

Tilly O'Neill-Gordon

Daniel Petit

Pablo Rodriguez

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

Dean Allison

France Bonsant

Royal Galipeau

Claude Gravelle

Roger Pomerleau

CLERK OF THE COMMITTEE

Isabelle Dumas

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Jean-Rodrigue Paré, Analyst

THE STANDING COMMITTEE ON OFFICIAL LANGUAGES

has the honour to present its

SECOND REPORT

Pursuant to its mandate under Standing Order 108(2), and the motion adopted by the Committee on Tuesday, June 16, 2009, the Committee has studied the impacts of the delays in providing funding to beneficiary organizations from the Department of Canadian Heritage and has agreed to report the following:

TABLE OF CONTENTS

Table of contents.....	vii
The impact of approval and payment delays on Department of Canadian Heritage recipient organizations	1
Introduction	1
1. May 2007 and June 2008 reports	3
2. Delays in the processing of applications	5
2.1. Findings submitted by the organizations.....	5
2.2. Possible solutions.....	9
3. Delays in issuing cheques.....	12
Conclusion	14
LIST OF RECOMMENDATIONS.....	17
APPENDIX A: LIST OF WITNESSES	19
APPENDIX B: LIST OF BRIEFS	21
REQUEST FOR GOVERNMENT RESPONSE	23
SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY.....	25

THE IMPACT OF APPROVAL AND PAYMENT DELAYS ON DEPARTMENT OF CANADIAN HERITAGE RECIPIENT ORGANIZATIONS

INTRODUCTION

What were traditionally called the “Canada-Community agreements” are a set of collaborative accords between the Department of Canadian Heritage and approximately 350 community organizations devoted to the development of official language minority communities. These accords represent an annual investment of approximately \$30 million.¹ The underlying principle of the accords is that community organizations are often in the best position to deliver federal government programs and services in the field as part of their effort to meet their commitment to promote the development of official language minority communities. The accords were funded for the period from 2005-2006 to 2008-2009.

The evaluation by the Department of Canadian Heritage of its official languages support programs describes these accords accurately:

In each province and territory, a spokesperson organization representing the community sector negotiated and signed a collaboration accord with the Department of Canadian Heritage... Each recipient organization determines what activities it plans to undertake with the funding provided by the Department. To guide them in this area, each OLMC has developed a global development plan. Whether provincial or territorial in scope, these plans permit each OLMC organization to describe its areas of activity and priority courses of action.²

The government had announced that it intended to review and renew the collaborative accords in the spring of 2009.³ According to the representatives of the Department of Canadian Heritage, this process was completed, but by November 9, 2009, the 2009-2010 accords had still not been posted on the Department’s Internet site. However, the schedule of submission deadlines for funding applications for the 2010-2011 fiscal year is posted.⁴

1 Data from the Canadian Heritage *Annual Report on Official Languages 2006-2007*. The 2007-2008 report has not yet been published.

2 Office of the Chief Audit and Evaluation Executive, *Summative Evaluation of the Official Languages Support Programs*, February 2009, pp. 3-4.

3 *Ibid.*, p. 60.

4 <http://www.pch.gc.ca/pgm/lo-ol/pubs/frm/pdclo-dolcp/calndr-eng.cfm>.

Federal government support to the organizations was studied several times by the House of Commons Standing Committee on Official Languages. Every time, one of the main irritants for the organizations was the significant delays in obtaining approval for applications and in receiving payment for the approved amounts. This is not a new problem, but it appears to have been exacerbated in the 2009-2010 fiscal year. The Committee therefore decided to look more specifically into this particular aspect.

The main finding by the Committee, the details of which are described in this report, is that the impacts of the time taken to approve applications and to pay the authorized amounts are serious and directly threaten the ability of community organizations to accomplish their mission. These delays add to the administrative burden of the accords in a context in which organizations have to manage a very high staff turnover rate and exhausted volunteers.

This finding repeats and reinforces the almost identical conclusion that had been reached by the Office of the Chief Audit and Evaluation Executive, who wrote in his evaluation of February 2009:

The time taken for approval of a number of projects is still long enough to have a negative impact on the ability of some groups to implement the projects as initially planned. The accountability requirements imposed on recipient groups also constitute significant challenges, particularly with respect to the frequency with which reports are to be submitted.⁵

The conclusions of this evaluation show that the problems did not begin in 2009 because they apply to the period running from 2003 to the spring of 2008. Several circumstantial factors nevertheless may have aggravated the problem for applications covering the 2009-2010 fiscal year, i.e. the application to Treasury Board to renew all Canadian Heritage official languages support programs, and the fact that the term was coming up for the multi-year accords, which increased the number of applications to be processed within a single year.

Despite the gravity of the findings, the members were in favour of the measures put forward by the Minister of Canadian Heritage and Official Languages to speed up the process and facilitate the administration of applications. The Committee will be pleased to be able to verify the results in April 2010.

The Committee held four meetings on this matter and heard from agencies speaking on behalf of the communities, i.e. the Fédération des communautés francophones et acadiennes du Canada and the Quebec Community Groups Network, the Minister of Canadian Heritage and Official Languages, as well as from officials in charge of managing

5 Department of Canadian Heritage, Office of the Chief Audit and Evaluation Executive, *Summative Evaluation of the Official Languages Support Programs*, February 2009, p. v.

official languages support programs. The members would like to sincerely thank them for their involvement in the work of the Committee.

1. MAY 2007 AND JUNE 2008 REPORTS

While working on its May 2007 report on the vitality of official language minority communities, the Committee examined the collaboration accords in the broader context of the role of community organizations in supporting community vitality. Several concerns had been raised at that time with respect to the lack of resources faced by several organizations, particularly because of the thinly spread resources for each provincial or territorial envelope, which did not enable the recipient organizations to do their work properly. The administrative burden of the accords was also a significant problem. However, the major source of frustration was the amount of time taken to approve applications, as well as the delays in receiving funds once the applications had been approved.

The Committee returned to this question in connection with a report tabled in June 2008⁶ and considered three major topics:

- The level of funding for organizations
- The administration of accords; and
- The governance of collaboration accords, in particular the partnership between the communities, the organizations they represent and the Department of Canadian Heritage.

The report contained 10 recommendations to which the government was unable to respond within the 120-day deadline set out in the Standing Orders of the House of Commons because Parliament was dissolved before the deadline came to term. Five of these recommendations addressed the specific issues mentioned in this report:

6 House of Commons Standing Committee on Official Languages, *The Collaboration Accords between Canadian Heritage and the Community Organizations – An Evolving Partnership*, June 2008.

Recommendation 2:

That the Government of Canada favour multi-year funding over a five-year period and assess the possibility of further accelerating the allocation of funding.

Recommendation 4:

That Canadian Heritage, in cooperation with the community organizations, review accountability measures to reduce the burden they impose so that they do not impede the community organizations' ability to carry out their development mandate but still guarantee adequate accountability.

Recommendation 5:

That the Department of Canadian Heritage assess the possibility of developing, in cooperation with the community organizations, a list of performance indicators to facilitate more results-based reporting.

Recommendation 6:

That Canadian Heritage commit to delivering funding responses by the deadline.

Recommendation 7:

That Canadian Heritage commit to delivering funding within 30 days following the date of the funding response and that, in the event funding is not paid within this time limit, the department be required to reimburse interest charges incurred as a result of the delay.

With respect to the recommendations the government was unable to address, this report may be considered a follow-up report based on the findings over the past few years, with additional information more specifically concerning requests submitted by organizations for the 2009-2010 fiscal year.

On the basis of the evidence presented to the Committee, it can be stated that there is basically one major problem: the organizations learn much too late whether their funding application has been accepted. This affects them in many different ways, not only in terms of planning, but also project delivery. There is another important problem: delays in issuing cheques once funding has been approved. This is a serious problem that has a major impact on organizations, but it would be tolerable if these impacts were not further aggravated by the fact that the organizations are virtually paralyzed during the first few months of the fiscal year because they are waiting to find out whether their funding application has been approved, and also because of the interest charges they incur as a result of the delay were considered eligible reimbursable expenses.

The Department of Canadian Heritage is to be commended for its efforts to find solutions, and the specific circumstances that affected the processing of applications for the 2009-2010 fiscal year need to be acknowledged. Whether or not these efforts have been successful will become clear once the organizations have received a response to their funding applications for the 2010-2011 year.

2. DELAYS IN THE PROCESSING OF APPLICATIONS

2.1. Findings submitted by the organizations

At the meeting held on June 16, 2009, members of the Committee asked the organizations speaking on behalf of official language minority communities to consult their members in order to determine the severity of the slow processing applications and the late payment of approved amounts. The organizations returned and presented the outcome of their research for the month of October 2009. The main findings were disturbing:

- In June 2009, 75% of the Francophone organizations representing the provinces and territories were still awaiting confirmation of the amount of program funding they were to receive for the fiscal year from April 1, 2009 to March 31, 2010.
- For the organizations representing Anglophones in Quebec, 17% of the organizations have still not received a letter of approval by the end of September 2009.

First of all, it needs to be pointed out that there are two types of applications:

- Applications for program funding in support of current activities by organizations to enable them to maintain the operational capacity needed to implement projects.
- Applications for project funding applicable to activities that are for a specific period with a start date and an end date, and which pursue activities whose results are measurable.

Program applications, which are for the basic operations of the organizations, are generally submitted in November, whereas project applications are generally submitted in December. The scheduled submission deadlines nevertheless vary from one province or territory to another. In the vast majority of cases, the funding requested does not go beyond one year, and activities are to be completed within a government fiscal year, i.e. between April 1 and March 31. Furthermore, confirmation of program funding should be known before project funding because the organizations need to be able to provide for their basic operations before launching new projects.

The situation for Anglophone organizations in Quebec does not seem to make sense because project applications are to be submitted before program applications. The schedule of submission deadlines published at the Department of Canadian Heritage website shows that program funding applications for the 2010-2011 fiscal year are to be submitted by November 12, 2009, whereas the deadline for project funding applications is October 16, 2009.

This means that three-quarters of Francophone organizations representing the provinces and territories had still not received a response with respect to their program funding application, with over one-quarter of the fiscal year already over. For Anglophone organizations, almost one out of five had not yet received a response for 2009-2010, when the deadline for 2010-2011 applications had already been reached.

The extent of the problem cannot be explained merely by the fact that there were special circumstances in a fiscal year that was busier than usual. For the organizations, the consequences of these delays are as obvious as they are serious.

This means that the organizations need to complete projects in five or six months rather than the full year that would normally be the case. Once the organizations receive confirmation of their funding in the late summer or early September, they need to work twice as hard to make up for the months that have been lost, while at the same time working to prepare funding applications for the following year, even though the projects for the current year have not begun yet. This makes it impossible to provide rigorous planning for the projects and the results suffer. With these circumstances making it more difficult to achieve results, there is a risk that organizations will lose credibility in terms of their ability to deliver projects effectively. They also lose credibility vis-à-vis their creditors, owners and suppliers because it is difficult to reassure them when they themselves still do not know whether they are going to receive the funding they have applied for. In some instances, the organizations have to turn down potential funding because they received an answer too late and they could not move forward and achieve the desired results. Ultimately, by making it more difficult for organizations to achieve results in their projects, the federal government is damaging its own commitment to community development.

There are also obvious impacts on the employees of the organizations. The turnover rate was between 30% and 40% per year among community organizations. It is very difficult to retain employees when the organizations do not know whether they will receive their funding and whether they will be able to pay their people throughout the year. Consequently, the organizations have to wait before filling key positions in the organization until funding is confirmed. This problem was also raised in the Canadian Heritage evaluation of its official language support programs:

[O]rganizations have limited funding to assume a mandate, which is itself continuing to expand. This dynamic inevitably leads to fatigue, if not exhaustion, within the network of OLMC associations. Some organizations, particularly at the provincial, territorial and local levels, are trying to recruit staff to take on demanding duties (travel, evening and

weekend meetings, etc.) with salary scales that do not compare well with the public or private sectors (lower pay, fewer benefits, etc.).⁷

Lastly, there are impacts on the ability of the organizations to obtain credit. Until the organizations have a letter from the federal government clearly indicating the amounts that they will be receiving, it is impossible for them to negotiate a line of credit that will enable them to continue their activities until the first payment arrives. If the organizations are unable to negotiate a straightforward line of credit, it becomes much more difficult for them to diversify their sources of funding.

These problems have gone on for many years, as noted in the most recent evaluation by Canadian Heritage of its official languages support programs:

This problem was raised in the 2003 evaluation, and it persists. The time taken to secure approval for a number of projects remains long enough... to have a negative impact on the ability of some groups to implement them as initially planned. In fact, the main suggestion by recipient organizations for improving the funding of programming and of specific projects is to speed up the approval process.⁸

The problems would nevertheless appear to have worsened in 2009. There were two kinds of reasons given by the Canadian Heritage representatives to explain the specific problems that occurred that year:

- The Department of Canadian Heritage renewed all of its official languages support programs in the spring of 2009, and was unable to approve applications or to pay the amounts owing until they received Treasury Board approval for renewal of the programs.
- The multi-year accords came to term at the same time as the renewal of the programs, which meant delays at two levels with respect to the renewal, in addition to the higher volume of applications compared to those years where only the annual accords needed to be processed.

The Committee members are all well aware of the problems that may have occurred over the past year. However, these problems should have led to delays of only a few weeks at most, and not months, as now appears to be the norm. Furthermore, the specific problems that occurred in 2009 had been expected for a long time because the deadline for program

7 Department of Canadian Heritage, Office of the Chief Audit and Evaluation Executive, *Summative Evaluation of the Official Languages Support Programs*, February 2009, p. 31.

8 Office of the Chief Audit and Evaluation Executive, *Summative Evaluation of the Official Languages Support Programs*, February 2009, pp. 29-30.

renewal is stated in the accords themselves. For example, it is in the accord signed with the Fransaskois Community Sector: "At term end, in 2008-2009, the Department of Canadian Heritage must provide the Treasury Board with a summative evaluation of the *Development of Official-Language Communities Program*."⁹ This evaluation was published in February 2009, and it indicates that the Department of Canadian Heritage had been negotiating with the communities for several months as part of the process of renewing the collaboration accords, which were coming to term in March 2009. There should therefore have not been any surprises.

Assuming that the specific circumstances will not be present during the processing of applications for the 2010-2011 fiscal year, improvements of a few weeks are to be expected, but the main problem will remain because the delays will still be measured in months.

Unless a radical change is made to the way applications are processed, and unless speeding up this processing is considered a priority, it is highly likely that the organizations will return to the Committee once again next year with similar complaints. Before making recommendations of the approaches that would be most likely to improve the process, it is important to clarify the objective to be pursued, which appears to be disconcertingly simple: give the organizations an answer with respect to their funding before the start date for these activities as stated in the funding application. This objective should guide everything else and be the basis for the first three recommendations in this report. The Committee recommends:

Recommendation 1

That the Department of Canadian Heritage take the action required to ensure that organizations dedicated to the development of official language minority communities receive a response to their program funding application before the start date for the activities covered by the application.

Recommendation 2

That the Department of Canadian Heritage take the action required to ensure that organizations dedicated to the development of official language minority communities receive a response to their project

9 *Collaboration Accord Between the Department of Canadian Heritage and the Fransaskois Community Sector*, "Introduction".

funding application at least six weeks before the start date for the activities covered by the application.

Recommendation 3

That the Department of Canadian Heritage simplify the administrative process for analysing and approving funding applications to reduce the negative impact of processing delays on the organizations.

Another general problem concerns the lack of communication between the Department and the organizations on what stage has been reached in processing the applications. Several witnesses confirmed that the officials were unable to provide such information. During his appearance, the Minister of Canadian Heritage and Official Languages clearly stated that this information should be available to organizations in the same way as tracking information is provided by courier services. Changes are therefore to be expected in how applications are processed in time for the 2010-2011 fiscal year. To support this commitment, the Committee recommends:

Recommendation 4

That the Department of Canadian Heritage be able to inform the organizations that have applied for funding on what stage has been reached in the processing of their applications and of the approximate date for a decision.

The Committee members are aware of the fact that the situation will not become ideal within only a few months. It will no doubt be necessary to test various approaches before the problem can be dealt with definitively. The progress being made will nevertheless continue to be measured in terms of this recommendation. The time required to process applications for the 2010-2011 fiscal year will be an important initial test.

2.2. Possible solutions

Various solutions were suggested by witnesses about ways to speed up the processing of applications. Some appeared to be very promising and have already been implemented by the Department of Canadian Heritage. We will now review these briefly.

2.2.1. Speed up departmental approval

According to the organizations, one of the main sources of delays mentioned by the witnesses speaking on their behalf was that all funding applications had to be approved by the Minister's Office. The organizations were all in agreement that every possible check

was necessary to ensure that public funds were spent wisely and responsibly. Nevertheless, they condemned the fact that organizations with a good track record of working in partnership with the Department of Canadian Heritage should have their applications processed as if they were a new organization with which the Department had never developed a relationship of trust. The risk of misuse of public funds is minimal with an organization that is well-established in the community and that has demonstrated its responsibility. This is particularly true of program funding applications. That is why the Committee recommends:

Recommendation 5

That the Minister of Canadian Heritage and Official Languages delegate to the directors of the programs concerned responsibility to approve program funding applications from organizations that have demonstrated that they are well-managed.

2.2.2. Multi-year funding

Since the 2006-2007 fiscal year, the Department of Canadian Heritage has been encouraging organizations to submit applications for multi-year funding. This procedure greatly facilitates the administration of contribution accords and eliminates the need to approve applications each year. If the activity reports are consistent with the terms of the accord, then these organizations will receive their money more quickly and not be required to fill out so many reports.

The Committee members would of course want to encourage this practice, which appears to have been well-received by the agencies and the Department. However, it is not a panacea, because the time required has not been reduced since 2006-2007. The main advantage of this type of funding may be that it reduces the administrative burden without having any significant impact on the time required to process applications.

There are two concerns about multi-year funding. First of all, few organizations appear to have taken advantage of it. What needs to be determined is whether this was because the measure was new, or whether there were other reasons why organizations are hesitating to apply. The renewal of the 2009 programs should normally lead to a larger number of multi-year funding applications as of 2010-2011, and gradually decrease in the number of applications that need to be processed each year, thus reducing the time required.

The other concern about multi-year funding results from the fact that the Department of Canadian Heritage representatives mentioned it as one of the two reasons why processing took longer in 2009. If multi-year funding were to speed up the process during those years when there were fewer renewals, but cause a backlog when the accords come to term, then in the end nothing will have been gained.

The Committee therefore recommends:

Recommendation 6

That the Department of Canadian Heritage encourage multi-year funding arrangements, but provide measures that would enable it to anticipate the higher volume of applications in a year when many of these accords will come to term.

2.2.3. Grant eligibility level

The members were happy to learn that the Department of Canadian Heritage had increased the level from which funding would have to be applied for under the contribution accord rather than a grant, from \$30,000 to \$50,000. Grant applications are very easy to process compared to the forms and reports required for the contribution accords. As most funding applications are for amounts below \$50,000, this change should speed up processing time significantly.

One concern remains, however, because it appears that this measure was already in place for applications for the 2009-2010 fiscal year. This was suggested in the government response to the recommendations of the Canadian Heritage Office of the Chief Audit and Evaluation Executive. This response is contained in the final evaluation report published in February 2009, which states: "Administrative changes have already recently been made by the Official Languages Support Programs over the last few years... The maximum amount allowed for a grant versus a contribution was increased given the low risk involved, resulting in simplified reporting for many groups."¹⁰

If this measure was already in place in 2009-2010, then it did not speed up the processing of applications. It is nevertheless possible that it would have speeded up the process had it not been slowed down by the renewal of programs with Treasury Board. It will therefore be necessary to see the results for the 2010-2011 year before being able to comment on the effectiveness of the measure.

An additional concern arises out of the fact that no grants are mentioned on the funding application forms or in the guide that accompanies the forms for the 2010-2011 year.¹¹ This information cannot be found anywhere, even on the Internet site describing the program.

10 Office of the Chief Audit and Evaluation Executive, *Summative Evaluation of the Official Languages Support Programs*, February 2009, pp. 60-61.

11 See information at the Internet site for the "Development of Official Language Communities Program", at <http://www.pch.gc.ca/pgm/lo-ol/pubs/frm/pdclo-dolcp/index-eng.cfm>.

There is a distinction made in the form between applications for \$75,000 and over and applications for \$74,999 and under, but in both instances, what is at issue are contribution accords and not grants.

The idea of raising the eligibility level for grants seems an excellent way of speeding up the processing of applications. However, the organizations need to be able to apply for them. The Committee therefore recommends:

Recommendation 7

That the Department of Canadian Heritage clearly state in the Applicant's Guide and in the Application Form that applications for \$49,999 and under are eligible for funding as a grant rather than a contribution.

3. DELAYS IN ISSUING CHEQUES

We have seen that the slow processing of funding applications has serious impacts on the ability of community organizations to support the federal government's commitment to promote the development of official language minority communities as described in Part VII of the *Official Languages Act*. The Committee members understand that the complexity of the machinery of government sometimes leads to a drop in performance that may be difficult to control and that may take time to correct. Such periods naturally remain unacceptable, but they are understandable. Equally unacceptable, but much more difficult to understand, is that it should take the machinery of government months merely to issue a cheque after the funding has been approved.

The authorities at the Department of Canadian Heritage were unable to give an explanation of the delays from the time funding applications are approved to the issuing cheques to the organizations. They nevertheless announced the publication on April 1, 2010 of a service standard that would set out the Department's commitments.

On several occasions, witnesses mentioned this service standard, which would guarantee the payment of the approved amounts within a reasonable time period following approval. The Committee members enthusiastically welcome this initiative, but suspend judgment until they can look at the wording of the standard, and are able to determine to what extent it will bind the Department. In the meantime, the Committee recommends:

Recommendation 8

That the Department of Canadian Heritage adopt service standards that impose the same obligations on the payment of approved amounts as are imposed on the organizations for the reimbursement of unspent

funds, i.e. that the first installment of approved funds be payable no later than the 30th day after the signing of the contribution agreement, in compliance with the *Interest and Administrative Charges Regulations* and paragraph 6.3, Payment on Due Date, of the new Directive on Payment Requisitioning and Cheque Control.

Delays in approving applications, combined with further delays in issuing cheques, require the organizations to borrow the funds they need for their core operations, which usually means paying the salary of the essential employees and the usual office expenses. The organizations obviously have to pay interest on such funds when they are able to obtain a line of credit. In some instances, when the letter of approval is late, it is impossible for them to obtain a line of credit and those running the organizations need to cover expenses by using their personal credit cards. Treasury Board policies prohibit the payment of interest on amounts owing that have not yet been paid, and also prohibit recipient organizations from including interest incurred as a result of the late payment of approved amounts as reimbursable expenses.

However, no mention is made of interest charges in the Applicant's Guide, or on any of the forms that the organizations must submit. A brief search came up with an example of a contribution accord in which interest fees were allowable as a reimbursable expense. Under the Atlantic Integrated Commercial Fisheries Initiative, the *Reporting Procedures Handbook for Contribution Agreement Recipients* states on line 18 of Appendix 1 that "allowable costs for reimbursement" are allowed "where bank interest fees are incurred if DFO is at fault."¹² In other circumstances, expenses that are not explicitly stated to be eligible expenses could be with proper authorization.

There may be Treasury Board rules that prevent this practice under contribution accords signed with the Department of Canadian Heritage, but the rules have not been identified. The approach taken in the Fisheries and Oceans handbook satisfactorily reflects the position described by the witnesses. The members would therefore like to adopt this position as its own, unless more detailed explanations are provided by the Department. The Committee therefore recommends:

Recommendation 9

That the Department of Canadian Heritage include as eligible refundable expenses bank interest fees incurred, where the Department is at fault by more than 30 days following the date the contribution accord is signed.

12 Fisheries and Oceans Canada, *Reporting Procedures Handbook for Contribution Agreement Recipients*, Appendix 1, p. 24.

The last problematic factor with respect to late payments has to do with advances paid by Canadian Heritage while awaiting approval for the requested funding. The Department is committed to paying 25% of the program funding obtained the previous year in order to enable organizations to operate as of April 1. At least five organizations representing Francophones in the provinces and territories had still not received this advance in June, and 10% of organizations representing Anglophone communities in Quebec had still not received their advance in July. That this situation is absurd is obvious. A response to funding applications should be received no later than the month of March, and the first cheque should be received no later than April 1. Knowing that applications are being processed, an advance ought to be paid to organizations whose funding is almost certain to be granted. But this advance is not paid until several months after the start of the fiscal year.

Ideally, such an advance should only be necessary in special circumstances such as the renewal of programs, when the Department itself is awaiting authorization from Treasury Board. Until delays in processing applications are shortened, the Committee recommends:

Recommendation 10

That the Department of Canadian Heritage commit itself in writing to the organizations to pay them, no later than April 1 of the current fiscal year, 25% of any program funding they received the previous year.

CONCLUSION

The Committee members recognized the severity of the situation with respect to delays in the processing of funding applications, the late issuing of cheques and the fact that the organizations could not include interest charges incurred as a result of these delays as reimbursable expenses. The situation constitutes a direct threat to the ability of the organizations to accomplish the mission assigned to them by the federal government.

In order to act upon its commitment to supporting the development of the communities in compliance with Part VII of the *Official Languages Act*, the Government of Canada opted for a partnership with community organizations. Its support of these organizations corresponds to an annual budget of \$30 million. The government could have chosen to develop these programs on its own and to deliver them to the communities by hiring teams of public servants. The cost of the latter alternative would clearly be much higher than the funds needed for the partnership approach, and in all likelihood, professional public servants could not generate the same passion and dedication that is found among the people and volunteers who work with so much dedication on behalf of the community organizations.

In acknowledgment of these facts, the federal government must ensure that its community partners can work under the best possible conditions, not only because it wants to support

the community sector, but in particular because of its own commitment to the development of these communities. If the community organizations are no longer able to do their work properly, it is not only the vitality of the community network that suffers, but also the government's own ability to provide them with support. Corrective action to address the problems involved in the funding application process is the best way to demonstrate the federal government's strong commitment to the development of these communities.

LIST OF RECOMMENDATIONS

Recommendation 1

That the Department of Canadian Heritage take the action required to ensure that organizations dedicated to the development of official language minority communities receive a response to their program funding application before the start date for the activities covered by the application.

Recommendation 2

That the Department of Canadian Heritage take the action required to ensure that organizations dedicated to the development of official language minority communities receive a response to their project funding application at least six weeks before the start date for the activities covered by the application.

Recommendation 3

That the Department of Canadian Heritage simplify the administrative process for analysing and approving funding applications to reduce the negative impact of processing delays on the organizations.

Recommendation 4

That the Department of Canadian Heritage be able to inform the organizations that have applied for funding on what stage has been reached in the processing of their applications and of the approximate date for a decision.

Recommendation 5

That the Minister of Canadian Heritage and Official Languages delegate to the directors of the programs concerned responsibility to approve program funding applications from organizations that have demonstrated that they are well-managed.

Recommendation 6

That the Department of Canadian Heritage encourage multi-year funding arrangements, but provide measures that would enable it to anticipate the higher volume of applications in a year when many of these accords will come to term.

Recommendation 7

That the Department of Canadian Heritage clearly state in the Applicant's Guide and in the Application Form that applications for \$49,999 and under are eligible for funding as a grant rather than a contribution.

Recommendation 8

That the Department of Canadian Heritage adopt service standards that impose the same obligations on the payment of approved amounts as are imposed on the organizations for the reimbursement of unspent funds, i.e. that the first installment of approved funds be payable no later than the 30th day after the signing of the contribution agreement, in compliance with the *Interest and Administrative Charges Regulations* and paragraph 6.3, Payment on Due Date, of the new Directive on Payment Requisitioning and Cheque Control.

Recommendation 9

That the Department of Canadian Heritage include as eligible refundable expenses bank interest fees incurred, where the Department is at fault by more than 30 days following the date the contribution accord is signed.

Recommendation 10

That the Department of Canadian Heritage commit itself in writing to the organizations to pay them, no later than April 1 of the current fiscal year, 25% of any program funding they received the previous year.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Fédération des communautés francophones et acadienne du Canada Suzanne Bossé, Director General Marie-France Kenny, President	2009/10/01	31
Quebec Community Groups Network Lawrence dePoe, Executive Director of Canadian Parents for French — Québec Robert Donnelly, President Sylvia Martin-Laforge, Director General Heather Stronach, Executive Director of the Regional Association of West Quebecers	2009/10/06	32
Department of Canadian Heritage Louis Chagnon, Regional Executive Director, Prairies and Northern Region, Portefeuille Official Languages Judith A. LaRocque, Deputy Minister Hubert Lussier, Director General, Official Languages Support Programs Hon. James Moore, Minister of Canadian Heritage and Official Languages Tom Scrimger, Assistant Deputy Minister, Citizenship and Heritage	2009/10/29	37

APPENDIX B LIST OF BRIEFS

Organizations and Individuals

Fédération des communautés francophones et acadienne du Canada

Quebec Community Groups Network

REQUEST FOR GOVERNMENT RESPONSE

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

A copy of the relevant Minutes of Proceedings ([Meetings Nos. 31, 32, 37, 40 and 42](#)) is tabled.

Respectfully submitted,

Steven Blaney, MP

Chair

COMPLEMENTARY OPINION CONSERVATIVE PARTY

TO THE REPORT OF THE STANDING COMMITTEE OF OFFICIAL LANGUAGES ON THE IMPACT OF APPROVAL AND PAYMENT DELAYS ON DEPARTMENT OF CANADIAN HERITAGE RECIPIENT ORGANIZATIONS

November 2009

The Conservative Members of the Standing Committee on Official Languages clearly recognize that delays in funding approval and payment to organizations by the Department of Canadian Heritage can negatively affect certain community groups.

Conservative Members of the Committee paid particular attention to the concerns expressed by witnesses about the delays in processing applications and the administrative burdens experienced by many applicants. We commit to do whatever possible to work with the Minister of Canadian Heritage to address these concerns.

We also note that in many cases, witnesses commented on the strong and positive working relationship which exists between the government and many of the organizations that appeared before the Committee.

In appearing before the Committee, the Minister of Canadian Heritage submitted to the Committee several reforms that our Government has already implemented to improve and address many of the concerns raised to the Committee. The Minister also presented several additional reforms he intends to implement in the months to come: For example:

- It is now possible within the Official Languages Support Programs to choose to provide a grant, rather than a contribution, if funding for an organization is under \$50,000. Previously, the threshold was \$30,000. In receiving a grant rather than a contribution, the organization avoids certain administrative requirements.
- We are continuing to encourage our official languages community partners to submit multi-year funding applications. Next year, a number of contribution agreements will be in place, reducing the volume of recommendations. This will allow better planning by the organizations and will ease their administrative burden.
- In addition, all procedures have been examined to shorten the time needed to process applications and issue payments to recipients.
- New service standards will be implemented as of April 1, 2010.
- We will be establishing a single deadline for all provinces and territories for 2011-2012.
- And the 25% for groups will be distributed earlier, so they should receive their funding by the beginning of April.

Conservative members listened with interest to the various groups that appeared before the Committee. One witness in particular as well summarized the situation. Mr. Robert Donnelly, President of the Quebec Community Groups Network (QCGN) stated: "The QCGN wishes to reiterate that some members expressed satisfaction with their funding. Moreover, we believe that delays are neither politically motivated nor attributable to a lack of effort or professionalism by officials with the Department of Canadian Heritage. Government is a complicated business, we understand, with millions of dollars being invested and spent under thousands of programs for the benefit of Canadians. The systems that carry out this monumental task must be designed to be effective and accountable, especially when they have a reputation to maintain. The QCGN and its members are cognizant of this reality and are confident that the Government of Canada is committed to removing the structural impediments that cause funding delays."

Conservative members of the Committee agree with the remarks of groups such as the QCGN and look forward to the Minister of Canadian Heritage demonstrating further leadership in reforming this process.

We also strongly support the reforms that have been made under our Government in the last two years - such as encouraging groups to submit multi-year funding applications, which will provide much needed stability to community groups in need.

As the Minister stated during his appearance before the Committee, "we are firmly committed to addressing recipients' concerns, effectively and efficiently carrying out programs for Canadians and finding a proper balance between due diligence and administrative burden."

Conservative members of the Committee look forward to the Department of Canadian Heritage following through on the Government's commitment to an application process for official language groups that will be simplified and streamlined from beginning to end.

In conclusion, the Conservative members would like to thank the groups that appeared before the Standing Committee on Official Languages. This Conservative Government is committed to maintaining a positive dialogue with all of our partners, and continuing to deliver leadership on official languages.