FROM RED TAPE

TO CLEAR RESULTS

The Report of the

Independent Blue Ribbon Panel on

Grant and Contribution Programs

December 2006

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Foreword

In June, 2006, the President of the Treasury Board, the Honourable John Baird, commissioned an independent blue ribbon panel, "to recommend measures to make the delivery of grant and contribution programs more efficient while ensuring greater accountability."

This report fulfils that mandate. It reflects not only the work of the panel but also that of a great many other people inside and outside government who invested their time and effort to address an issue that is of great importance to this country: how Canadians can get the best value from the nearly $27 billion spent every year on more than 800 grant and contribution programs operated across Canada by more than 50 federal departments and agencies.

The report sets out what we heard, what we concluded and what we believe needs to be done to enable these grant and contribution programs to work better for recipients and for Canada. We have chosen as our title *From Red Tape to Clear Results*, because we believe this captures the essence of our mandate—to propose recommendations for change that will advance the larger public interest in effective grant and contribution programming, while securing an appropriate degree of control and accountability for what is done with public funds.

We believe that our extensive consultations with grant and contribution recipients, program administrators, central agency officials, elected members and public administration scholars have provided a balanced perspective on the challenges of improving the administration of grant and contribution programs. Through our process of review, we have learned a great deal about the strengths and weaknesses of these programs. After six months of consultation and discussion, we have arrived at a set of recommendations that we believe are relevant, affordable and feasible. We are convinced that early action in a number of these areas will make a real difference for recipients and program managers alike.

We would like to express our appreciation to the President of the Treasury Board for having given us this opportunity to think, talk and write about an area of federal programming that is of vital importance to Canadians. We would like to thank Marc Tellier, who had to withdraw from the panel for business considerations, for his insights and contributions to the panel's work.

Foreword

We would also like to thank the nearly 1,100 recipient organizations and over 500 program managers who participated in our online consultations. We appreciate as well the many written submissions received from individuals and organizations, and the dozens of useful ideas and comments we heard in our face-to-face meetings. These inputs have contributed enormously to the value of this report.

We would like to thank the support team from the Treasury Board of Canada Secretariat and our external advisors from across Canada who gave us the benefit of their insights and experience. The panel owes a special debt to Jan Donio for donating her time to assist with the web consultations and to Jim Mitchell for donating his time to help with the writing of the report.

We submit our report in the hope that the conclusions and recommendations it contains will inform government policy and contribute to better programs for Canadians.

Frances Lankin

Ian Clark

Executive Summary

This Report

This report captures the results of a six-month review of the administration of federal grant and contribution programs by an independent blue ribbon panel commissioned in June, 2006 by the President of the Treasury Board, the Honourable John Baird.

The panel was asked to "provide advice on how to achieve strong accountability for the funds spent on grants and contributions…while allowing for their efficient management and effective access to them." It was also asked to "identify barriers to access for applicants for government grant and contribution programs and recommend changes to government-wide and departmental policies and practices to ensure that the government delivers those programs in a fair, cost-effective and efficient manner."

The universe of federal grants and contributions includes nearly $27 billion in annual spending. One of the most striking conclusions to emerge from the work of the panel was the reminder of just how important federal grants and contributions are to Canadians. Federal grant and contribution programs support investments in research and productivity by businesses, individuals and institutions in every part of Canada; they also support the work of literally thousands of community non-profit organizations across the country that serve the needs of communities large and small. They make it possible for Canadians to help themselves in ways that are more efficient and more effective than governments could ever hope to achieve through direct programming.

There is a view in some quarters that the principal objective in reforming the administration of grants and contributions should be to depoliticize them. If that means that grant and contribution programs should be protected from inappropriate political influence, we would agree (though we would also note that we detected no sign of such influence in our inquiries). However, if the idea is to somehow make granting programs or agencies less accountable to ministers and Parliament, we would strongly disagree. Ministers and members of Parliament have a profound and entirely legitimate interest in grant and contribution programs—how they are designed, to whom they are targeted, and how they are administered. It is the central importance of grants and contributions as instruments of public policy that makes it imperative that they be appropriately situated within the government universe and under the spotlight of parliamentary scrutiny.

Because federal grants and contributions empower people and organizations alike, it is very much in the public interest that these grant and contribution programs be run efficiently, in a way that minimizes red tape and maximizes the productive power of the recipient organizations. It is also essential that the government have systems in place to hold recipients properly and reasonably accountable for what is done with the public funds entrusted to them.

Key Conclusions

In carrying out its work, the panel used a web-based technique to consult with approximately 1,100 recipients of grants and contributions and over 500 federal administrators of these programs. We received over 40 written submissions and held face-to-face consultations with business leaders, representatives from the community non-profit sector, Aboriginal leaders, the science and research community, and provincial officials. We met with members of Parliament, the Auditor General of Canada, the Comptroller General of Canada, federal deputy ministers, the Chief Information Officer and a number of other senior officials directly involved in policy and program administration at the federal and provincial levels.

Despite inevitable differences in their perspectives, the advice we received from almost everyone who had experience with federal grants and contributions converged on the need for change. We agree. ***Our first conclusion is that there is a need for fundamental change in the way the federal government understands, designs, manages and accounts for its grant and contribution programs.*** This is the first and most important conclusion in this report.

A question central to the mandate of the panel was whether it is possible to simplify the administration of federal grant and contribution programs, while at the same time strengthening accountability for the expenditure of public funds. ***Our second conclusion is that, not only is it possible to simplify administration while strengthening accountability, it is absolutely necessary to do the first in order to ensure the latter.*** The current morass of rules and general red tape that envelops federal grant and contribution programs has served only to undermine accountability and hamper sensible reporting and evaluation. The public interest demands that the rules be simplified and reporting requirements adapted to the real objectives of the programs and the capacities of recipient organizations.

Our third conclusion is that making changes in an area of government as vast and multi-faceted as grants and contributions will require sustained leadership at the political and public service levels. The findings and recommendations of the panel, by themselves, are not enough. The crucial ingredient is the commitment of the public service to work with program recipients on a sustained program of change.

General Recommendations

How can the two-fold objective of greater simplicity in the administration of grants and contributions combined with strengthened accountability be achieved? Our report sets out 32 specific recommendations to this end. These are organized thematically in Chapter III and then grouped in terms of time frame for implementation—short-medium- and longer-term—in Appendix 2.

Many of our recommendations are aimed at changes in administrative practice that will be significant to recipients and officials, but perhaps of less immediate interest to the public. The essence of our recommendations can be distilled into four simple proposals to government:

1) **Respect the recipients**—they are partners in a shared public purpose. Grant and contribution programs should be citizen-focussed. The programs should be made accessible, understandable and useable.

2) **Dramatically simplify the reporting and accountability regime**—it should reflect the circumstances and capacities of recipients and the real needs of the government and Parliament.

3) **Encourage innovation—**the goal of grant and contribution programs is not to eliminate errors but to achieve results, and that requires a sensible regime of risk management and performance reporting.

4) **Organize information** so that it serves recipients and program managers alike.

Recommendation Themes

Our specific recommendations all touch, in one way or another, on the two themes of *cutting red tape* and *strengthening accountability*. The recommendations are set out in detail in Chapter III, but they can be summarized in the following terms:

- **Definitions:** The Treasury Board of Canada Secretariat should simplify the current wide variety of grants and contributions into three broad instruments: unconditional grants; specific project-related contributions; and longer-term contributions.

- **Program objectives:** The objectives established in the funding agreement for a particular recipient under a grant and contribution program should be clearly defined, realistic and measurable in practical terms.

- **Single view of the client:** To enable recipients to deal more easily with government, the Treasury Board of Canada Secretariat and relevant departments should improve horizontal coordination in program administration. This will reduce duplication and redundancy and lighten the reporting burden on applicants and recipients.

- **Streamlined application process:** To improve the system for managers and recipients alike, the Treasury Board of Canada Secretariat should work with departments to simplify the grant and contribution application process and make it more transparent and easily accessible.

- **Better service:** The Treasury Board of Canada Secretariat should encourage departments to work with recipients in publishing, within three years, clear service standards for grant and contribution programs that can be understood by all parties.

- **Information sharing:** To reduce the burden on clients and improve service, the Treasury Board of Canada Secretariat should clarify the privacy issues related to the sharing of recipient information between departments to ensure that relevant information about federal investments in grants and contributions is easily available across government.

- **Funding:** The Treasury Board of Canada Secretariat should:

  a) encourage the multi-year funding of projects that are multi-year in nature;

  b) encourage the reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories;

  c) identify the circumstances where core funding is a cost-effective supplement to project-specific funding; and

  d) adopt the principle that funding levels for programs delivered through a third party should reflect the full cost of program delivery.

- **Risk management:** The Treasury Board of Canada Secretariat should develop a risk management approach for grants and contributions that tailors oversight and reporting requirements according to variables such as amount of money involved, credibility and track record of the recipient, and sensitivity of the project.

- **Accountability documents:** The Treasury Board's current accountability documents governing grant and contribution programs are unnecessarily complex, time-consuming and expensive. Moreover, they seem to have little practical application. They should be replaced by simplified documents (or a single document) flexible enough to accommodate program and project differences and focussed on realistically measurable objectives.

- **Reporting requirements:** Monitoring and reporting requirements in the policy framework for grant and contribution programs should be streamlined and clearly connected to a demonstrable need. The government should apply the concept of 'accreditation' as a means of tailoring reporting requirements to the capacities, circumstances and track record of the recipient organization.

- **Audit:** As a general rule, recipients of grants and contributions should be subject to audit no more than once a year, regardless of the number of funding agreements in place. To avoid unnecessary audits, the Treasury Board of Canada Secretariat should:

  a) encourage consolidated audit planning for recipients whose projects are funded from more than one program; and

  b) encourage departments to perform a regular cycle of random audits based on the annual financial cycle of the recipient organization.

- **Evaluation:** The Treasury Board of Canada Secretariat should ensure that:

  a) program evaluations measure program-related objectives that are clearly defined and realistic; and

  b) data collection and reporting requirements are specified accordingly.

- **Business processes:** The Treasury Board of Canada Secretariat should support selected departments and agencies in conducting a thorough mapping of grant and contribution business processes to identify opportunities for improved service and increased efficiency, and to share best practices. Most departments and agencies should have completed such a business process review for their grant and contribution programs within three years.

- **Data improvement:** The Treasury Board of Canada Secretariat should develop a standardised coding system to categorize grant and contribution expenditures to allow improved analysis of where federal funds are being spent and for what program purposes.

- **Implementation:** To make early progress on this agenda for change, the Treasury Board of Canada Secretariat should:

  a) assemble clusters of relevant departments to act as a vanguard for change by taking up the short-term initiatives identified in this report;

  b) emphasize clarity and reduced complexity in streamlining application, reporting and audit requirements;

  c) establish a centre of expertise in the government, with an advisory board of departmental funders and program recipients, to assist departments in sharing best practices in the administration of grants and contributions, and in promoting innovation in program administration;

  d) develop government-wide training programs for personnel responsible for the administration of transfer payment programs;

  e) partner with lead departments to improve the current system of recipient access to information about grants and contributions, including web-based notices, email alert systems, key word search capacity, and electronic application and tracking processes; and

  f) make it easier for clients to obtain access to multiple levels of government through a single electronic interface such as MERX and Strategis here in Canada, or Grants.gov and GrantsLink, which serve applicants for government support in the United States and Australia, respectively.

Implementation

Experience shows that large-scale change in government—especially cultural change—is easy to propose but hard to achieve. At a minimum, it requires:

a) a clear statement of policy direction;

b) a practical approach that starts with making change where change is most possible and building from that base;

c) the assignment of clear leadership responsibility, at both the political and public service levels, for the change process, accompanied by the authority required to do the job; and

d) resources (including adequate funding), the right people, appropriate training and the right tools.

Many of our recommendations can be implemented forthwith. Others can be carried out within 18 months and a few will take up to three years to achieve. But all are feasible and few require much in the way of new funding. The real keys to change are commitment at the political and public service levels, and a readiness by Parliament and the media to look at accountability through the lens of program performance rather than simply control. Culture change takes time in any large organization, but in government it can take a particularly long time. This places a special premium on sustained leadership by the President of the Treasury Board and his officials.

The Longer-Term Objective

Federal grant and contribution programs are essential to building a healthy society and a competitive economy. They are too important to Canada to be strangled by red tape. These programs must be managed in a way that properly secures the public value that is the shared goal of the government and recipients alike. It is with this goal in mind that the panel conducted its review. The panel believes that the best way to achieve this objective is to embrace a citizen-focussed perspective and to set out clear principles to guide the development of a new policy framework for grants and contributions.

We believe that adoption of the recommendations contained in this report will create a policy and administrative environment in which recipients and program managers alike will be able to work together, on the basis of easily accessible information, to plan, approve, deliver, oversee and report on federally funded grant and contribution programs. We believe these programs can be run in a way that maximizes the amount of money devoted to program purposes, while still satisfying the legitimate requirements of accountability to the government and, ultimately, to Parliament. We believe that treating recipients as partners is not only fairer to them, but also more useful for government. Only if these grant and contribution programs, in all their diversity, are seen as a modern and useful instruments of public policy can the public interest be secured.

I. Grants and Contributions

The actions of governments touch the lives of Canadians every day. Governments provide services, pass laws and levy taxes. They pay wages, buy goods and services, and provide direct funding support to people and organizations across Canada. How well governments do these things is important, and governments have a responsibility to strive for continuous improvement in how their various programs function.

The Government of Canada spends nearly $27 billion annually on grants and contributions, through more than 50 departments and agencies. These payments include money for essential community services provided by not-for-profit organizations; grants and contributions to First Nations for essential services; repayable contributions to businesses to support innovation and new productive capacity; payments to other levels of government; grants in support of research; and grants to individuals for training and re-training. These various transfer payment programs are an important expression of the federal government's role in society, and together they represent some 13 per cent of total federal spending.

Canadians have a right to expect that federal grant and contribution programs will be run in a manner that is efficient, effective and responsive to their needs. They also have a right to expect strong accountability for the proper use of the public funds allocated for these purposes.

In recent years, the behaviour of governments, businesses, non-governmental organizations and indeed individuals has come under closer scrutiny. Public expectations of corporate and government behaviour, and of the behaviour of individuals in positions of trust, have risen and legislation has been enacted or introduced to reflect these concerns. For example, the *Sarbanes-Oxley Act* (2002) in the United States greatly increased the personal accountability of corporate executives of publicly traded companies and public accounting firms. In Canada, the *Federal Accountability Act* seeks to achieve the same general objectives in public management.

In recent years, federal interaction with Canadians has improved in a number of areas. Individual Canadians have an easier time receiving information, paying taxes and receiving refunds and obtaining a number of other services. Yet in the area of grants and contributions, matters seem to have become worse, not better. It has become harder to apply for grants and contributions, more difficult to comply and harder to get a complete picture of where the money is going.

This increased complexity and difficulty affects recipients and federal administrators alike, to the detriment of program effectiveness and efficiency.

The term 'recipient' prompts a note on terminology. The panel struggled with the appropriate way to describe the many different kinds of individuals and organizations who receive federal grants and contributions.

The term 'recipient' is accurate but can be misleading, because it suggests that the recipient's relationship with the government is that of a supplicant for federal funds, when in fact the vast majority of recipients are more like *partners* with government in the pursuit of shared objectives. Yet if the relationship is one of partnership, it is hardly a partnership between equals—in most cases, the government has the weight and the authority to impose terms and conditions on its funding partners that they are hardly in a position to resist.

The term 'client' has some appeal, but is again misleading, in that the real clients of many federal programs are those who are the *beneficiaries* of programs funded by government and delivered by the recipient organizations.

In the end, and in part because this is terminology understood in the community and applicable to the widest range of cases, we have settled on the term 'recipient.' We wish to make it clear, however, that we use the term in as neutral and purely descriptive a sense as possible. We believe, as we say at the conclusion of this report, that most organizations that are recipients of federal grant and contribution funds ought to be understood as partners in the achievement of a public purpose.

How We Worked

At the centre of our endeavour was a novel, web-based consultation exercise in which recipients of grants and contributions and federal administrators of these programs were canvassed for their views. Approximately 1,100 recipients responded, as did over 500 program managers.

These respondents came from many different sectors across Canada and were involved in programs of quite differing purposes (social, economic, cultural). Yet despite these differences, their experiences and advice were remarkably similar. Indeed, the convergence of views throughout this consultation process gave us a powerful and consistent message regarding the current state of the administration of grants and contributions. As will be seen in Chapter II, that message was by and large not a positive one.

We received over 40 written submissions and held face-to-face consultations with business leaders, the community non-profit sector, Aboriginal representatives, the science and research community, and federal program managers. We also met with members of Parliament, the Auditor General of Canada, the Comptroller General of Canada, federal deputy ministers, the Chief Information Officer and other senior officials directly involved in policy and program administration.

The panel reviewed recent studies on grants and contributions programs and their management in Canada, the United States and the United Kingdom. We reviewed recent work undertaken by the community non-profit sector and by the federal government through the Voluntary Sector Initiative and the Task Force on Community Investments. We also examined reports of the Auditor General of Canada and parliamentary committees. The academic community was engaged through a web-based virtual forum and the consultation process culminated in a well attended symposium in November hosted by the School of Public Policy and Governance at the University of Toronto. (For more information on these consultation and research efforts, see the appendices to this report.)

What we learned from this broad process of consultation and dialogue, and the conclusions we reached, are set out in Chapters II and III below.

The Universe of Grants and Contributions

The Government of Canada spends nearly $27 billion annually on what are described in the Estimates as 'grants and contributions'. In theory, the following is true:

> **Grants** are transfer payments without the need for the recipient to provide a detailed account for the use of the funds. Grants are provided with an understanding of the use to which the funds will be put, with some conditions. While recipients are usually not audited, there are defined eligibility criteria and there may be reporting or disclosure requirements.
>
> **Contributions** are either advance payments or reimbursements of eligible expenditures incurred by the recipient for an agreed purpose. Eligible expenses are defined in the contribution agreement and must be made in the pursuit of defined performance requirements. Some are repayable—more in the category of loans. There are audit, evaluation and reporting requirements.

Thus the theory is that grants are unconditional transfers of funds, while contributions are conditional and involve the reimbursement of eligible expenditures. In practice, however, the distinction between the two forms of transfer payment is far less clear. This lack of clarity permeates current Treasury Board guidelines and policies.

Many grants are 'class grants' which is a term used to describe grants that may be paid to eligible groups of recipients. Such 'class grants' require approved *Terms and Conditions* like contribution programs and may also have reporting requirements (e.g., to establish continued eligibility and reports on cash flow). To add to the confusion, contributions are also not managed in a consistent way. Some have more and some have fewer conditions and reporting requirements. Some, like grants, may allow up-front payments, while others do not.

In practice, there is a continuum of transfer payments where terms and conditions, and monitoring and reporting requirements, vary. This would make eminent sense if the variability in this multitude of categories lined up with sensible factors such as risk or the size of the transfer payment. However, small low-risk payments are often treated as contributions and require a disproportionately high level of compliance effort.

The issue is further complicated by the use of contribution agreements to fund the delivery of services by a third party that the government, for sound policy reasons, wishes to see provided. Although these arrangements have the character of contracts (in that they are long term or recurring, and they involve the provision of services that the government could theoretically supply itself), they are administered as though they were projects funded by short-term contributions. These practices lead to a variety of funding and reporting difficulties—in essence, unreliable funding for what is essentially a long-term relationship.

A Recipient's View of Grant and Contribution Programs

Federal departments and agencies report annually on their transfer payment expenditures in their departmental reports and also through the Public Accounts of Canada. These reports are exhaustive, but present a view of grant and contribution programs entirely from the departmental perspective (that is, from the *administrator's* perspective). In its analysis, the panel has considered the *recipient's* perspective to be more important and has sought out data organized in this way.

From a survey of selected departments, the panel estimates that federal personnel costs of administering $26.9 billion of grant and contribution programming amounts to at least 5 per cent of the total or $1.5 billion. We have no estimate of the costs to recipient organizations, but have heard during our consultations that their percentage is in many cases between 15 per cent and 30 per cent. Most grants or contributions are for amounts below $100,000.

The following table describing grant and contribution payments by broad category was constructed using two methods. The 13 departments with the largest grant and

contribution budgets completed a special survey for the purposes of the panel's work. This was supplemented by a selective analysis of Public Accounts data for the remaining departments and agencies. It is important to recognize that grant and contribution data are not normally reported in this way, though it is the panel's view that they should be.

GRANT AND CONTRIBUTION PAYMENTS 2004–05 (in $ millions)

Recipient Category	$ millions
First Nations Communities	4,901.9
Other Aboriginal Recipients (including organizations)	982.9
Farmers and Fishers	1,920.8
Provincial, Territorial and Municipal Governments	4,821.3
International Governments and Organizations	2,983.5
Veterans, Forces Members, Survivors	1,848.1
Businesses	1,477.5
Universities and Research Institutions	2,155.8
Other Not-For-Profit Organizations	2,915.1
Remainder (not allocated to a recipient category)	2,954.8
Total	**26,961.7**

Source: Public Accounts of Canada 2004-2005 (breakdown of recipient categories conducted through a departmental survey)

The Business Sector

Federal contributions to for-profit businesses represent a key focus of this review.

These payments encompass virtually the entire Canadian business spectrum—large business and small, manufacturing, agriculture and natural resources. These payments cover income stabilization, product development and innovation, productivity improvement and employment creation.

In many cases, contributions in support of larger enterprises (e.g., in the aerospace and automotive sectors) have occurred for reasons of 'leveling the playing field' *vis-à-vis* international competitors. Since such assistance is available in other countries, Canadian industry may be provided with funding commensurate with that received by foreign competitors. For small and medium-sized enterprises, assistance may be provided to encourage job creation in regions where unemployment is high or, as is often the case, to compensate for the lack of access to higher-risk venture capital in Canadian

> **"IRAP has always been simple to apply to and to administer. Now accountants, who seem to be controlling IRAP, are making it very time-consuming and challenging to both apply to the program and to claim money from it. As an SME, we are not keen on applying to IRAP again because of the increased time commitment and therefore costs involved."**
>
> *(Recipient comment)*

markets. Federal contributions often take the form of a repayable contribution and are used to leverage loans from banks or further investments from other sources. More than half of federal assistance to business is in the form of contributions under $100,000.

The Community Non-Profit Sector

The community non-profit sector plays a vital role in Canadian civil society, a role upon which governments at all levels have come to depend. The sector includes everything from small, community-based organizations to large national agencies such as the YMCA and the Canadian Red Cross. It includes organizations run essentially by volunteers, as well as those with large professional staffs that have years of experience in managing large budgets.

The community non-profit sector draws its income primarily from contributions and grants. These come from all levels of government, from private industry and also from private benefactors. While some organizations in this sector earn revenue from services they provide, most are focussed simply on programming. They are, therefore, heavily dependent on transfers from government and are strongly affected by shifts in government policy. Because of this high level of dependency on transfers, the community non-profit sector, like First Nations, has been severely affected by the current shortcomings of the federal grants and contributions regime and certainly has much to gain by its reform. Approximately one third of funding for the community non-profit sector involves amounts under $100,000.

The relationship between the community non-profit sector and the federal government has been much studied. For example, after a report produced by a number of community non-profit sector umbrella groups in 1999, the federal government joined with the sector to form the Voluntary Sector Initiative, a five-year, $95-million effort the purpose of which was to clarify relationships, strengthen capacity in the sector, and improve the regulatory regime. There followed the *Accord Between the Government of Canada and the Voluntary Sector* (2001), the *Codes of Good Practice on Funding* and the *Code of Good Practice on Policy Dialogue* (2002), which contained commitments from the federal government towards sustainable multi-year funding, streamlined application processes, and improved consultation. Other studies followed—most recently the *Report of the Task Force on Community Investments* (October 2006), the mandate of which was to make recommendations to achieve improved funding practices across the federal

government and improved approaches to community investment. The findings of the latter report are broadly consistent with those of the panel.

While all recipients have expressed varying degrees of frustration over the current state of federal grants and contributions, those frustrations are particularly acute in the community non-profit sector. Over the last 10 years, the sector has participated in a number of studies and consultative initiatives with the federal government and has received many assurances of change, to little avail. For all the consultations and promises, the sector today suffers from more uncertainty and instability than ever before. A simplified application, reporting and auditing process, predictable funding, and speedy decisions would address many of the sector's concerns.

Universities and Research Institutions

Most of the federal government's support for university-based research flows through the three research granting councils: the Social Sciences and Humanities Research Council of Canada (SSHRC), the Canadian Institutes of Health Research (CIHR) and the Natural Sciences and Engineering Research Council of Canada (NSERC). These three institutions, with combined annual expenditures of just under $2 billion (2004–05), support research in universities and other research-oriented institutions (e.g., research hospitals) through a well-developed system of peer review-based research grants that has been generally praised by the recipients of this funding.

The other major federal research funding organization is the Canada Foundation for Innovation (CFI). Created in 1997, the CFI has been endowed with some $3.65 billion to be invested in equipment, buildings, laboratories, and databases required to conduct research. The CFI funds up to 40 per cent of eligible project costs, usually matched by a province and topped up from other sources. Because the CFI is not appropriation-dependent, it can make very long-term funding decisions free of the government's annual budgetary cycle.

Contributions are considered an inappropriate instrument for 'discovery research' where ultimate outcomes, or even the direction of the research, are intrinsically unknowable. Although grants are used for these research-funding purposes, they are neither unconditional nor unmonitored. Funds must be used for the purpose specified in the grant, and written agreements with research institutions cover project monitoring, annual site visits, and financial and administrative responsibilities. Overhead for administering these research grants is kept deliberately light.

The record of performance by the federal research granting agencies, including CFI, has been deemed to be high by international standards. The two councils and CIHR have successfully managed their own research portfolios, using a rigorous system of oversight,

including a detailed memorandum of understanding signed by all recipient institutions and regular financial monitoring visits of recipient universities.

Two of the research granting agencies (SSHRC and NSERC) are themselves subjects of a separate review pursuant to a commitment in the 2006 budget, while CIHR has just come through a statutorily-required international five-year review of its mandate, organization and programming. The Auditor General of Canada is also looking at the activities of the granting councils in a current audit on innovation. The panel concluded that these peer-reviewed programs do not suffer from many of the problems confronting other grant and contribution programs. We note, however, that the research granting councils are not the only sources of federal support for research. A number of other federal departments and agencies support or commission research. These endeavours follow the general policies laid down for the administration of federal grants and contributions, and the panel's observations about problems in grant and contribution programs certainly apply to them.

First Nations, Inuit, Métis and Aboriginal Organizations

The federal government has a unique relationship with the Aboriginal peoples of Canada that is defined by the Constitution (section 35). The panel looked at the issue of grants and contributions within this context.

Fiscal arrangements with First Nations governments are complex, reflecting not only the varied circumstances of the 630 First Nations in Canada but also the fact that payments to First Nations governments are (or ought to be) more like intergovernmental transfers than typical grants and contributions. The panel is of the view that mechanisms other than grants or contributions for the funding of essential services such as health, education and social assistance in reserve communities are needed, but we have concluded that trying to address this issue would take us well beyond our mandate.

Nevertheless, in all our consultations—the online survey, our face-to-face meetings and the wrap-up symposium—we were reminded that the current practice of treating these kinds of transfers to First Nations, Inuit, Métis and Aboriginal organizations as more or less standard contribution arrangements is fraught with problems and leads to a costly and often unnecessary reporting burden on recipients.

With regard to the Inuit, it is worth noting that there are also additional layers of bureaucracy involved, in that Inuit regional governments are also the subjects of provinces and territories. Thus monies that are transferred to these Inuit institutions are not easily tracked and it is difficult to evaluate the effectiveness of a federal program

from an Inuit perspective. The need for better tracking of data on specific transfer payment areas is an issue that is relevant to other classes of grant and contribution recipients.

Transfers to Governments

The table on page 5, Grant and Contribution Payments 2004-05, shows $4.8 billion in payments to provincial, territorial and municipal governments. These are in addition to Fiscal Equalization, and Health and Social Services transfers and are usually made pursuant to a specific federal-provincial agreement for a joint undertaking or project. The Infrastructure Program is one such example, where federal funding for shared capital projects is passed through the hands of the provincial governments.

While the panel has not explored the provincial and territorial dimension of grant and contribution programming in great detail, it is clear from our consultations that at least some of our recommendations apply quite directly to the grant and contribution arrangements in this sector of federal activity, notably those having to do with the need for simplified audit and reporting requirements and for an accountability regime that is tailored to the circumstances and capacities of the recipient. In the case of a provincial or territorial government, for example, where audit standards and capacities may well be as high as those of the federal government, it seems pointless and, indeed, redundant for the federal government to impose audit obligations in addition to those of the recipient government. There should be more appropriate ways to integrate and collaborate in meeting audit objectives to avoid duplication and unnecessary burden on these recipients.

Other Categories of Grant and Contribution Spending

Early in our process of review, it became apparent that some other grant and contribution program areas, while significant in fiscal and policy terms, are governed by long-established statutory regimes (e.g., payments to veterans and to farmers) or international agreements (e.g., contributions to international development agencies) and are more suited to parliamentary review than to scrutiny by a panel such as ours.

Most of the assistance to farmers and fishers has the character of income stabilization or income support. Administration of these programs concentrates on determining eligibility and less on subsequent reporting or monitoring. While several of the panel's observations and recommendations (e.g., regarding audit or evaluation) would not apply to these programs, our conclusions would apply to others in this sector, such as grants in support of the Aboriginal fishery.

The Voluntary Sector Initiative (VSI)

The voluntary sector is the third pillar of Canadian society, deemed by some to be equal in importance to the public and private sectors. It consists of 180,000 non-profit organizations (of which approximately 80,000 are registered charities) and hundreds of thousands more volunteer groups that are not incorporated. The voluntary sector employs over 1.3 million people in communities across Canada and a further 6.5 million Canadians volunteer their time to voluntary-sector organizations. In total, the sector has annual revenues of over $90 billion and assets of $109 billion.

The Voluntary Sector Initiative (VSI) was a five-year joint initiative between the Government of Canada and the voluntary sector, launched in June, 2000. The VSI focussed on strengthening the relationship between the sector and the government, and enhancing the capacity of the voluntary sector. The VSI resulted in the provision of new information and tools that are practical, realistic and accessible to all voluntary-sector organizations, especially those that are small and medium-sized. Major outcomes of the VSI included the following:

Accord and Codes: In December 2001, the *Accord Between the Government of Canada and the Voluntary Sector* was signed, articulating principles intended to govern the relationship between the government and the sector. In addition, two codes of "good practice" were launched in October 2002. The *Code of Good Practice on Policy Dialogue* established guidelines that allow the Government of Canada, and the voluntary sector, to engage in an open, informed and sustained dialogue. This dialogue permits the sector to contribute its experience, expertise, knowledge and ideas to the development of better public policies and to the design and delivery of programs. The purpose of the *Code of Good Practice on Funding* is to guide interactions between the Government of Canada and the voluntary sector on funding policies and practices.

Human Resources Sector Council for the Voluntary Sector: As part of the Sector Council Program, Human Resources and Social Development Canada launched the Human Resources Council aimed at the community non-profit sector. The Human Resources Council is an independent, non-profit organization that provides leadership on issues related to paid employment in the community non-profit sector. It brings sector employers and employees together to work collaboratively on research, strategies and action.

Task Force on Community Investments (TFCI): In early 2005, Human Resources and Social Development Canada created the TFCI to examine federal practices and policies related to the use of transfer payments and the funding of horizontal initiatives in support of community investments. As funding and financial issues underpinned much of the VSI work, the research and findings contained in the report point to the need for greater coherence and consistency across the federal government.

II. What We Heard

Why Grants and Contributions Matter

Federal grant and contribution programs represent one of the most important instruments through which the Government of Canada delivers on its responsibilities to Canadians. As noted, some of these grant and contribution programs are directed to individuals, while others serve business or organizations in the non-profit sphere. Nearly $5 billion is transferred to First Nations communities for essential services such as housing, water, education, health and welfare. More than $2 billion is spent annually on grants and contributions in support of research and innovation. Some transfers, like the $1.8 billion in payments to veterans, are statutory obligations, while others in the areas of community and social development are more discretionary. All of these programs are regarded by ministers, members of Parliament, program managers and recipients alike as vital tools for the pursuit of objectives that are clearly in the public interest.

Efficiency

It is possible to imagine a world in which there were no grant and contribution programs—that is, a world in which all transfers to individuals and other governments were simply statutory payments, and all economic and social development programs were operated by government directly. Would this be a good thing? Certainly it is a premise of this panel's work that a reduction in the current complexity of grant and contribution programming would be desirable, and if there are some grants and contributions that ought really to be transformed into other program instruments, so much the better. But a world in which there were no discretionary grant and contribution programs, in which the federal government provided no funding to businesses or to the community non-profit sector for public interest purposes—would that be desirable? We know that in many cases it would be more expensive. A consistent message from our consultations was that grants and contributions are a cost-effective way of utilizing the work and the skills of non-governmental actors (often volunteers at the community level) for public policy purposes.

Effectiveness

As important as the issue of efficiency is that of program effectiveness. It is unreasonable to think that federal public servants could ever be as effective in identifying and serving the interests of local communities as the people from those communities. No matter how well intentioned or well managed, public servants cannot substitute for the skills and knowledge of people on the ground

who have identified the problems and are committed to local solutions. Similarly, government programs cannot substitute for the commitment and skills of business and industry in developing new ideas for commercialization.

As one person put it in one of our round tables, "the government should do what only it can do, and leave it to others to do what they can do best." Grants and contributions are the instrument through which government enables others to do what they can do best.

Innovation

A further point that emerged in our consultations concerned the importance of investments in innovation. This is a principle widely recognized in the business sector. What is less well appreciated, said one of our respondents, is the importance of what he called 'venture capital investments in social innovation.' This, it was argued, is a key function of private foundations that are prepared to take well-considered risks for the sake of longer-term returns in areas that are important to a healthy society. Indeed, few would disagree that the effective social infrastructure supported in part by grants and contributions is a precondition to a healthy economy.

It is not government's role to duplicate the work of private foundations. But private investments in social innovation, though increasing, are modest in comparison to those of the federal government. Where the government can learn is through careful observation of the private foundations' approach to risk management and their commitment to innovation.

Views from the Consultations

The panel consulted some 1,100 recipients, over 500 program managers and scores of other people inside and outside government who are involved in one way or another with grants and contributions. Our respondents fell into three broad categories:

1) those who are recipients of federal grants and contributions;

2) those who manage grants and contributions; and

3) those who have an interest in the administration of grants and contributions.

From the business community, we heard a clear message that the complexity and onerous reporting requirements of federal grants and contributions have led many businessmen to conclude that the money is simply not worth the trouble. This is particularly so in cases where the applicant has a legitimate need for assistance

(usually repayable assistance). That said, we should also note that it was in the area of programs for business that we saw the clearest evidence of some good practices in the government, notably by the four regional development agencies: the Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development (CED), Western Economic Diversification (WED) and the Federal Economic Development Initiative for Northern Ontario (FEDNOR). In different ways, each of these agencies has developed simplified regimes of application and reporting, together with direct assistance to applicants from knowledgeable federal officials.

> **"Administration of grants and contributions by the federal government, from the perspective of a recipient, could be akin to a 'victimization' process. The rules and procedures have come to a point where it is hardly worth the cost and effort to access programs, as you almost need a full-time administrator to fulfil the reporting requirements. For small amounts of funds, this is an unrealistic burden placed on organizations such as ours that are run by volunteers."**
>
> *(Recipient comment)*

Respondents from the community non-profit sector pointed out that many of their organizations are in a fragile state, hostage to costly funding delays and to reporting requirements that many are ill-equipped to meet. Indeed, the point was made that loss of core funding has actually diminished the capacity of recipient organizations in this sector to fulfil the new accountability requirements of the government. They called for a one-window approach to facilitate access to federal grant and contribution programs, with better integration and information-sharing across departments. Respondents also wanted to see a citizen-centred approach to the administration of grant and contribution programs, longer-term funding, service standards and greater use of technology as well as improved business processes to streamline the entire funding process.

We also heard a consistent plea for simplified regimes of reporting and accountability that respect the differing circumstances and capacities of recipient organizations. This sector wants recognition as a contributor to society and the economy, not simply as a claimant on the federal purse. We agree. The programs funded by federal grants and contributions in this sector fulfil essential public policy purposes in every field of human and social development, ranging from health to employment programming to investments in innovation. A successful and enduring partnership between the federal government and the community non-profit sector is essential to the delivery of many vital services for Canadians.

From Aboriginal respondents, we heard a message about the need to put federal funding on a sustained and more appropriate footing. In the case of First Nations and Inuit,

this would ensure that essential community services are not hostage to annual renewal of contribution agreements. It was from these consultations that the concept of 'accreditation' emerged as a means of tailoring the reporting obligations of recipient organizations to their capacities and track record. Under this concept, and notwithstanding other larger changes that may be made to the fiscal relationship with First Nations and Inuit, the federal government, in consultation with recipients, would develop a common reporting and accountability regime for First Nation recipients, applied in a flexible manner appropriate to the needs, circumstances and financial management capacities of the recipient community and its record of success in management and reporting.

"We need 'one agreement' for an Aboriginal organization [...] that covers funding from all departments and includes the three main components: core funding, capacity funding, and program funding."

SUMMARY REPORT, *TECHNICAL SESSION ON IMPROVING FEDERAL HORIZONTAL MANAGEMENT (ON ABORIGINAL PROGRAMMING)* SEPTEMBER 2005

The general objective would be to come up with a reporting regime that imposes no more in the way of control and reporting requirements than is necessary for both sides. Capacity development in governance and administration would be essential in order to avoid benefiting the haves and punishing the have-nots. This model could equally be applied to other recipient organizations, both in the business and community not-for-profit sectors. A further requirement would be to consolidate reporting requirements among donor departments and governments so as to minimize the burden on recipient communities and organizations.

From the research community, we heard about the internationally-recognized merits of the programs of peer review that underpin the funding of scientific research in Canada. We also heard of the programs of on-site review and follow-up that ensure that allocated funds are being managed according to the terms of the funding agreements.

From federal program managers, we heard a consistent message of frustration over the onerous rules governing application, approval and reporting that they are currently obliged to operate. These officials are in many respects as concerned as program recipients over the shortcomings of the current regime and just as keen on simplification and focussing on results. Perhaps not surprisingly, program managers were reluctant to adopt new service standards in the absence of a clear political commitment to change, as well as other program changes and additional resources to ensure the necessary capacity is there to meet the new standards.

Provincial representatives identified accountability requirements as an area in which individual federal departments fail to interpret and apply the transfer payment policy

uniformly. For example, some federal departments inform their provincial counterparts that highly detailed, rigorous reporting, audit and evaluation measures are required for compliance with the policy before program parameters are revealed. This makes it very difficult for provinces to make an informed decision as to whether the requirements are reasonable, since they are not aware of funding amounts, terms and other essential information. However, other departments adopt the position that the policy affords them a substantial degree of flexibility in negotiating which measures should apply, resulting in substantially looser federal requirements.

"Risk aversion in the Government of Canada has become acute, effectively 'dumbing down' the types of projects pursued and discouraging horizontal collaboration among different departments to jointly fund community initiatives. Non-profits are being treated by government in a fashion that reflects a lack of faith in their trustworthiness and competence—at odds with how the Canadian public views the non-profit sector."

Pan-Canadian Funding Practice in Communities: Challenges and Opportunities for the Government of Canada, Canadian Council on Social Development, May 2006

Provincial respondents noted that, as a constitutional order of government, provinces are held accountable by their own residents and through their own elaborate accountability processes. They maintained that a federal policy taking the foregoing considerations into account would minimize unnecessary use of public funds for duplicative control requirements and enhance the legitimacy of all orders of government through more direct lines of accountability between governments and citizens.

They also argued that a federal transfer payment policy should be sensitive to the capacity of recipient agencies to fulfil accountability requirements, particularly where agencies are already being held to account by other levels of government. Otherwise, recipient agencies may be forced to stretch limited public resources to recreate or duplicate audit, reporting and evaluation measures that could more properly be coordinated among governments as programs are being developed.

From the academic community, we got a wealth of ideas and some stimulating injunctions to look at our problem through fresh eyes. One person suggested, for example, that accountability mechanisms are a poor substitute for trust and that what we should all be aiming for is the creation of relationships between the government (as funder) and the recipient community that are based to as great an extent as possible on earned trust. Another respondent at our symposium pointed out that, increasingly, public policy purposes are being fulfilled not through hierarchies or markets but through networks based on mutual adherence to common values. These networks, involving both governments and non-governmental partners, are flexible and more efficient than the classical hierarchies of bureaucracy.

We were also reminded of the need to ensure that accountability regimes facilitate—rather than hinder—the democratic purposes of public policy. Parliament has an interest in these grant and contribution programs that must not be overlooked. Members of Parliament have an interest in seeing that the programs serve the needs of their communities and that recipient organizations are not frustrated by needless red tape.

The Need for Change

The unanimous message from our consultations and our face-to-face meetings led the panel to one overarching conclusion: *There is a need for fundamental change in the way the government understands, designs, manages and accounts for most of its grant and contribution programs.*

This conclusion reflects the experience of recipients and program managers as well as concerns expressed by the business community and the community non-profit sector. We heard recommendations for change that were based not on narrow self-interest, but rather on a shared view that better management of federal grant and contribution programs is in everyone's interest.

In the present case, better management means a clearer, simpler relationship between administrators, and grant and contribution recipients. It means more focussed and realistic accountability arrangements. It will also require a more coherent, citizen-centred approach to program management. We should not forget that the purpose of an accountability regime is not to eliminate the possibility of failure, but to ensure that public money is being spent for the purposes intended. The panel heard much mention during our consultations of a 'risk-averse' culture in the federal government, and these observations have some merit. While Canadians have a right to expect their public officials to be careful about taking risks, what plainly emerged during our consultations was evidence of a management culture in government where fear of criticism or blame has permeated so deeply that it has begun to undermine effective administration. This management culture is expressed not only in written policies and regulations, but also in the expectations managers have of their employees and administrators have of their clients.

Grant and contribution programs are a crucial vehicle for the Government's connection to Canadians and to institutions in Canadian society. Properly and efficiently administered, with clear expectations and accountability, these programs will serve the national interest better and achieve more for Canadians.

In the following chapter, we set out our specific conclusions and recommendations to achieve this end.

Success Story: The Atlantic Canada Opportunities Agency

Over the last decade or so, the Atlantic Canada Opportunities Agency (ACOA) has significantly changed the way it does business. A fundamental decision was made to move from a 'project-based' approach to a 'client-based' approach. Each client is now assigned to a lead officer who manages all projects or dealings with that client. One of the key objectives was to shift the focus to managing the entire exposure with a client, as opposed to focussing on individual projects; this also resulted in significant improvements to client service.

A risk management framework was also developed to enable efficient management of the portfolio, maximize recovery, and provide more resources to fund future projects. Each client is now rated based on a five-tier risk gradation system (the rating is adjusted as circumstances change) to ensure that the level of monitoring and reporting done by ACOA is appropriate to the level of risk; this approach ensures the best use of Agency resources and reduces the administrative burden on low-risk accounts.

ACOA was able to streamline its claim process by introducing a compliance risk assessment to determine the selection of payment methods and the degree of verification required. As part of this streamlined process, applicants are no longer required to submit invoices, receipts and cancelled cheques in most cases. Post-payment audits are conducted on a 'sample' basis, as well as on the basis of accounts that have been flagged because of specific concerns. This has significantly reduced the administrative burden for both clients and ACOA.

The Agency has developed a client relationship management system and has automated various work tools and processes to improve portfolio management and better serve its clients. Some features include direct deposit, pre-authorized debits (for repayment) and automated monthly credit report updates with email notification to the lead officer on any negative activity.

III. Findings and Recommendations

This section brings together the major themes and issues that arose in the work of the panel, together with our recommendations under each heading. A complete list of our recommendations, organized by time frame, is set out in Appendix 2.

Leadership

There will be little real improvement in the administration of grants and contributions without sustained and vigorous leadership from the highest levels in the federal government, including both ministers and senior officials.

Recommendation

1) **Our first recommendation is that the President of the Treasury Board should convey this report to the Prime Minister and that the issues it addresses be regarded as priority concerns of the government.**

Strong signals and positive support will change the culture of risk aversion and clear the way for sustained improvement in program administration. While all must play their part, one minister must take the lead on behalf of the Government of Canada. In the view of the panel, this should be the President of the Treasury Board.

Recommendation

2) **The Prime Minister should designate the President of the Treasury Board as the lead minister accountable for overseeing the reform of grants and contributions administration in the Government of Canada and for meeting announced targets.**

Principles to Guide a New Policy Framework for Grants and Contributions

Throughout our work, we have been struck by the need to clear away what has become an unproductive thicket of unnecessary and needlessly-complex rules and reporting requirements that serve neither the interests of government nor those of recipients.

We believe that a principles-based approach to changing the rules will be most effective.

Recommendation

3) The current web of rules governing grants and contributions should be reviewed according to the following eight principles, with a view to rewriting the administrative policies promulgated both by Treasury Board and by departments:

a. *Intelligibility*: Rewritten policies should be readily understandable to those expected to follow them. This means fewer, more focussed and more understandable rules.

b. *Clarity of results*: Rewritten policies should call for the clear and practical description of the results the program expects to achieve and of the deliverables that the recipient is expected to produce.

c. *Practicality of compliance requirements*: Rewritten policies should call for measures used in monitoring, reporting and audit to be focussed on outcomes or results that are within the recipient's reasonable control.

d. *Risk-sensitivity of compliance requirements*: Rewritten policies should require that measures used in monitoring, reporting and audit distinguish between what is needed to address appropriate use of funds and other factors of interest (e.g., data collection for research or information for evaluation purposes). They should also reflect the scale of the funding, the nature of the activity being funded and the track record of the recipient.

e. *Vertical coordination of reporting requirements*: Rewritten policies should encourage the use of the recipient's normal reporting practices, using instruments employed for other purposes.

f. *Horizontal coordination of reporting requirements*: Rewritten policies should encourage reporting in ways that can contribute to the accountability requirements of all the federal programs involved. A recipient receiving funding from different programs should be able to consolidate all reporting.

g. *Reasonable cost of getting access to programs*: The cost of compliance measures for a recipient should be kept to a minimum. It diminishes the effectiveness of contribution programs when the cost of acquiring funding is a significant share of the actual funding. Compliance measures should reflect the scale of the funding.

h. *Citizen focus*: Recipients should be involved in the design and monitoring of the new grants and contributions regime.

We are firmly convinced that a determined program of change, based on these principles, focussed on the citizen and driven by the need to deliver results, will produce demonstrable benefits for recipients, their clients and the government alike.

Distinction between Grants and Contributions

There has been an increase in the use of grants as a funding instrument over the past five years (this includes conditional grants and endowment funding). However, our consultations have revealed that grant recipients are increasingly being asked to provide additional reporting on the use of the funds they receive. This has led to a situation where, in some instances, grants impose almost the same reporting burden on recipients as do contributions.

It is the panel's view that the Treasury Board should encourage greater use of grants in low-risk programs, since grants require less accounting and oversight. When contribution type funding is used, it should be better adapted to the recipient's capacities and the actual purpose of the funding. As such, one-time project funding should be based more on accounting for eligible expenditures and specific activities, while longer-term sustained organizational funding would require funding agreements of longer duration and added flexibility in the actual use of the funds.

It is also our view that to the extent possible, grants should remain unconditional, with limited reporting requirements. Grants should be the instrument chosen when upfront eligibility criteria and information received in application forms provide sufficient assurances that the objectives of the payment will be met. When reporting is required for a grant, it should not be onerous and should be limited to ensuring that overall program objectives are being met, as opposed to ensuring that the funds have been spent on tightly prescribed eligible expenditures and activities.

Contribution-type funding requires additional oversight and accountability, as it is based on the principle of reimbursement of eligible expenditures in the attainment of the activities specified in the funding agreement. Inevitably, this means additional reporting by recipients. When contributions are used for sustained long-term service delivery, as opposed to one-time project funding, funding agreements should be multi-year, with appropriate opportunities for periodic renewal or adjustment. There should also be greater flexibility in how the recipient can spend the funds in achieving program objectives.

The choice of the most appropriate funding instrument should be well thought-out at the design stage of a program. This requires a good assessment of the levels of risk involved and an adequate description of eligible recipients and program objectives.

Programs should be designed with the recipient and the end beneficiaries in mind, while providing for reasonable oversight to ensure program objectives are being met. Wherever possible, and as appropriate, grants should be used, as this implies a reduction of the often excessive reporting and accountability burden associated with contributions.

Recommendation

4) In reviewing the *Policy on Transfer Payments* and associated policies and guidelines, the Treasury Board should ensure that grant and contribution funding instruments are better matched to the type of program being funded. Instead of the current multi-category spectrum of payment instruments, the panel sees a need for just three instruments:

a. *grants* that are unconditional or that have only very limited reporting requirements;

b. *contributions* that are project-related or are finite; and

c. *contributions* that are for sustained service delivery and are therefore longer-term.

> **"[We should have] options other than the logic model to assess outcomes. The logic model is inappropriate for services that are unquantifiable (learning to read and its impacts on employment) and long-term (the effects of literacy over a lifetime)."**
>
> *(Recipient comment)*

Program Design

Program Objectives

While grant and contribution programs are designed to achieve a public policy purpose, it is rare that a single recipient is in a position to meet these objectives alone. The panel heard from several quarters that there is often confusion between the expectations made of the recipients and the higher-order policy objectives that reside at the program level. This ambiguity should be clarified.

The panel believes that effective program administration starts with good program design—you have to get the program right at the beginning or you will have problems in the end. This is surely one of the lessons of recent problems in the administration of federal grants and contributions. Specifically, it is important to consider at the outset what results are intended, how those results will be measured, what risks the government is prepared to tolerate and how the program in question will be audited and evaluated.

> **"It would be good to have only one application for all federal grants. This means, instead of drafting up one proposal for a tiny little project, it would be better to do up one proposal for all projects. It is hard to draft up a proposal for HIV/AIDS money and then another for the tobacco control strategy and yet another for the FASD money. It is also difficult to do up separate reports for these proposals. Numerous times and every year I am asked for a final report from Health Canada that I already submitted a month ago and I don't know if it is lost in paperwork or what. I have a co-worker who says the same thing happens to her and it is a little ridiculous and time-consuming for both parties."**
>
> *(Recipient comment)*

The panel therefore recommends that funding agreements with each recipient should more clearly articulate the objectives of that specific agreement and the expectations of the recipient. The agreements should do so in a manner that makes it clear to both parties what constitutes success and failure in the particular initiative, and in a way that lends itself to meaningful, real-world audit and accountability.

The key point is that recipients should not be held accountable for large-scale results that are beyond their capacity to deliver or beyond the capacity of auditors to assess.

Recommendation

5) **The objectives established in the funding agreement for a particular recipient should be clearly defined, realistic and determinable.**

Single View of the Client

As noted, there are over 800 grant and contribution programs delivered by 50 federal departments and agencies. Our consultations and discussions revealed a number of problems that arise from the government's inability to gather and maintain a single view of the grant and contribution client. This causes frustration for both recipients and program managers.

The major problems we observed are as follows:

- Most of these programs are administered independently of one another. Their terms and conditions, and their *Results-based Management and Accountability Framework* (RMAF) and *Risk-based Audit Frameworks* (RBAF) documents, are usually quite distinct.
- Information about these programs is often not shared, even within the same department.

- Frequently, an applicant for funding from different programs must provide the same information several times.
- Often the recipient must issue similar reports to many different program managers and submit to several audits.
- In some cases, funding recipients that have been funded for ongoing projects are obliged to re-apply annually and are then processed as though they were first-time applicants.

The panel believes these kinds of problems reflect a government-centric as opposed to a citizen-focussed approach to information sharing.

While it is neither desirable nor feasible to try to combine all federal programs into one large transfer payments program, it *is* desirable—and workable—to establish an information-sharing regime across programs and departments so that an applicant or client need report or provide information only once. This information could then be used for however many purposes are necessary, thereby reducing the time and effort required by clients to deal with the government. It would also reduce duplication and redundancy, and lighten the reporting burden on applicants and recipients.

This 'single view of the client' is focussed on efficiency and on government presenting a single, coherent face to the applicant, whether funding is sought from several programs or from several departments.

In theory, this approach to grants and contributions could be extended to cut across different orders of government (i.e., to include provincial and territorial programs as well). This is already the case in a number of programs aimed at individuals.

Recommendations

6) **To achieve a 'single view of the client' the Treasury Board of Canada Secretariat and concerned departments should improve horizontal coordination of program administration within and across departments.**
7) **The Treasury Board and its Secretariat should, to the extent practicable, and in cooperation with other orders of government, seek to harmonize federal, provincial and municipal information, reporting and audit requirements for grants and contributions.**

Streamlined Application Process

Cutting the red tape involved in the process of applying for federal grants and contributions is one of the most straightforward changes that can be made to the current grant and contribution regime. The process needs to be made simpler, more transparent and faster for all concerned.

"The contribution agreement process is brutal. I would like to see budgeting formats that eliminate the need for quarterly accounting. I would like to see that, if my project date ends on March 31, that the granter honours its commitment of needing the final report for the project within 60 days after March 31, and not that they need the report on March 31, just because it is their year end and it is more convenient for them. I would like to see mandatory payment within 30 days after approval for a grant. We have now waited over four months, our agreement is still not finalized and we have no payment for the project."

(Recipient comment)

Recommendation

8) **To improve the system for managers and recipients alike, the Treasury Board of Canada Secretariat and departments should take immediate steps to simplify and make more transparent the grant and contribution application process by reducing the number of steps, making greater use of common forms, simplifying information requirements and using electronic technologies for submissions and follow-up communications. Where appropriate, departments and agencies should be encouraged to use trained program officers to assist applicants in understanding and accessing the system.**

Better Service

Better service to Canadians is a stated government objective, and the panel believes this objective should be reflected in the design and management of grant and contribution programs.

For each program, there should be a clear set of service standards that are directly related to the administration of the grant or contribution (such as speed of decision on applications, clarity of criteria and reporting requirements, and timeliness of payments). These standards should guide the actions of federal administrators and clarify the expectations of recipients. To meet service standards, public servants need to be supported. It is unfair and unworkable to expect them to provide better and faster service if the policy and administrative framework in which they work impedes success.

The panel notes that service standards and timelines demand attention not only by public servants, but also by ministers and their staff.

Recommendation

9) **Selected lead departments and agencies, in collaboration with the Treasury Board of Canada Secretariat and recipients, should publish clear service standards for grant and contribution programs using plain language that can be understood by all parties. Service standards for selected departments should be available within 18 months, and all departments and agencies should develop service standards within three years.**

Information Sharing

Sharing information among departments and agencies is not always simple. Methods of information collection and storage vary, and procedures and systems for sharing must be developed and regularly modified. In addition, the sharing of information regarding a recipient's grant and contribution funding history would require the use of a common identifier and could well involve privacy issues. One common identifier that is already in broad use at the federal and provincial level is the business number, a unique identifier for all for-profit and most non-profit organizations. The business number, which began as an identifier for tax purposes, has been adopted for a variety of other government uses.

Recommendation

10) **The Treasury Board of Canada Secretariat should clarify with the Office of the Privacy Commissioner the privacy issues related to the sharing of recipient information among departments to ensure that relevant information about federal investments in grants and contributions is available across government. This clarification should explore such issues as use of the business number and recipient consent for information sharing.**

Information on results is important. How it is gathered is equally important. Too many data are requested too frequently, based on the presumption that more information is better. This can impose an unnecessary administrative burden on the recipient. Some departments have addressed this issue by adopting more focussed expectations regarding data collection.

Recommendation

11) **The Treasury Board should modify policy development, program design and evaluation practices to ensure that evaluations measure program-related objectives and outcomes that are well-defined and realistic. Data collection and reporting requirements should be specified accordingly.**

Funding

Multi-Year Projects

The panel has learned that, in many cases, multi-year projects are not funded on a multi-year basis. Instead, although it is clear the project will endure for several years, the recipient must reapply regularly to sustain funding. Each such application means awaiting a decision on renewal, so that often the project itself is interrupted through lack of funds. These interruptions are not only disruptive in program terms, they can be very costly, in that recipient organizations are obliged to lay off staff toward the end of the fiscal year, only to rehire them a month or two later.

> **"Longer term funding is the fundamental issue for many businesses and not-for-profit organizations [...] Not-for-profits [...], live hand to mouth as if they are doing something wrong, almost begging for money. Government needs to state its priorities for the next five years in business and not-for-profit, put a sunset clause on funding and fund so that local organizations can see how everything is connected and understand the big picture."**
>
> *(Recipient comment)*

The panel suspects that this practice of annual renewals is intended to add a level of control over multi-year projects. In the panel's view, however, this approach is misguided. Where the project or activity to be funded is multi-year in nature, the funding profile should match it to the extent possible (at a minimum for a three-year duration). This is subject of course to possible mid-course correction, but these considerations do not detract from the need to provide multi-year funding in these cases, as indeed several departments do already.

Government departments receive annual appropriations from Parliament, which may increase or decrease available budgets for grant and contribution programs. It is standard for grant and contribution agreements to include a clause to the effect that funding is ultimately dependent on the availability of appropriated funds and Treasury Board approval or renewal of a program. While this constraint is real, it need not prevent a department from entering into a multi-year funding arrangement with a recipient where the project being funded is itself multi-year in nature. After all, it is in the interest of the federal government to fund projects that are well managed and efficiently executed. Unnecessary interruptions in funding support neither objective.

Multi-year funding is practised by some departments and agencies and not by others. Although Treasury Board policy does not prohibit multi-year funding, what we observe in many cases is a decade or more of established practice in departments that has become as iron-clad as if it were a Treasury Board rule.

The panel recommends that it should be standard practice across government to fund approved projects or activities from their launch to their conclusion, or at the very least for three years.

The panel further recommends that corresponding attention be paid to the funding requirements of the federal granting agencies, such as the research granting councils and the Canada Foundation for Innovation that, for good reason, already offer multi-year funding to the recipients of their funding programs. Those agencies would be in a much better position to plan and manage their granting programs if they were recipients of comparable multi-year funding from the government.

Recommendations

12) **The Treasury Board should, through its policy and decisions, encourage multi-year funding of projects where projects or activities are multi-year in nature.**

13) **Similarly, the Treasury Board should encourage multi-year funding of the federal granting agencies that offer multi-year funding to their own recipients.**

Funding Agreements

The key document between the recipient of grant and contribution funding, and the program administrator is the funding agreement. The funding agreement is made pursuant to the program design set out in the terms and conditions of the program. Several of these funding agreements impose unnecessary restrictions on the use of funds. In particular, the transfer of spending from one cost category to another often requires a special approval by the funding department, which is time-consuming and inefficient.

Recommendation

14) **The Treasury Board should encourage a reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories.**

Core Funding

In past years, the Government of Canada gave grants to certain organizations to support their overhead costs. These grants were termed 'core funding.' The issue of core funding applies largely to recipients that have limited sources of revenue and therefore limited means of sustaining an organizational core. The government stopped this practice of core funding some years ago because it was felt that it could be seen as preferential or as an inadvertent funding of political advocacy.

While there is no explicit Treasury Board prohibition on the funding of core organizational costs, the issue remains a concern for many organizations that wish to maintain their on-going capacity to deliver programs and services. Inevitably, many grant and contribution recipients are compelled to allocate some of their project funding to support overhead expenses. Not surprisingly, the lack of core funding has threatened the stability of several community non-profit organizations whose services the government needs.

Recommendation

15) The Treasury Board should encourage funding departments and agencies to revisit the issue of whether and under what circumstances core funding is warranted to supplement project-specific funding.

"We found that despite the long-term nature of core programs and the continuing relationship between departments and recipients, departments still require recipients to submit annual applications. This requirement results in added administrative costs for recipients and wasted departmental time and resources. Multi-year agreements, which take into account appropriate risk factors and previous experience with the recipient, would eliminate re-application costs."

Office of the Auditor General of Canada, Management of Voted Grants and Contributions, Report of the Auditor General, 2006

Eligible Expenses

Some contribution agreements limit the eligible expenses that may be reimbursed to those that are incremental and associated only with the particular project being funded. As a result, expenses related to office space, permanent staff or other costs may not be included as part of the arrangement.

This practice of only reimbursing marginal expenses makes sense in certain conditions, e.g., if the recipient organization has several sources of revenue and the project being funded is only one of several funded activities. There are many cases, however, where federally funded projects may constitute most of the recipient's activity and comprise most of its funding. In such cases, refusing to cover program-related overhead expenses in the contribution agreement is both unfair and counterproductive because it effectively leaves the recipient organization underfunded and less likely to perform well.

Recommendation

16) The Treasury Board should establish as a principle that, to the extent that the policy objective underlying the grant or contribution program is the delivery of federal programs through a third party, funding levels should reflect the full cost of program delivery.

Two Grant and Contribution Success Stories from Atlantic Canada

The Community Action Program for Children (CAPC) and the Canada Prenatal Nutrition Program (CPNP)

The Community Action Program for Children (CAPC) and the Canada Prenatal Nutrition Program (CPNP) are two distinct and complementary programs funded by the Public Health Agency of Canada (PHAC) that provide funding to community-based groups and coalitions across Canada.

CAPC provides access to programs and services that promote the health and social development of children from birth to six years of age and their families facing conditions of risk. Currently, there are 465 CAPC projects operating in more than 3,000 communities in Canada.

CPNP funds community-based initiatives that promote public health and reduce health disparities affecting pregnant women and their infants. The program provides food supplementation, nutrition counseling, breastfeeding support, education, referral and counselling on lifestyle issues. Approximately 330 projects are operating in 2,000 communities across the country.

In many communities, PHAC provides CPNP funding to CAPC recipients. There are a number of benefits to having both programs run as one. For example:

- CAPC provides the administrative infrastructure to support CPNP which enables CPNP to focus its limited resources on programming and evaluation activities;
- CAPC and CPNP often work with the same partners and having both programs at the table enables better integration and coordination of discussions and decisions on issues related to pregnant women, children and families within communities; and
- they provide a continuum of support to at-risk children (and families) prenatally and up to age six.

PHAC Atlantic Region has made considerable efforts in response to recipients' concerns about the multiple monitoring and reporting requirements of CAPC and CPNP projects. As a result, regional staff, in collaboration with funded projects and provincial governments, have developed an integrated evaluation and reporting system. The results of these efforts include the following:

- there is a common evaluation framework (outcomes, indicators and data collection tools);
- recipients are more motivated to evaluate and take ownership of the process and results; and
- data are collected by projects for both regional and national purposes, which eliminates duplication.

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The results of allowing recipients to submit one reporting and evaluation report instead of two include:

- less administrative work for projects;
- more consolidated information about the results of the work related to PHAC's investment in children and the impact on children, families, communities and the institutional/government system as a whole;
- more strategic and broader insight into the benefits and challenges of engaging at-risk families early and providing a continuum of support to families and communities; and
- better knowledge transfer and promotion of the work of the project.

Risk Management

The panel frequently heard that the Treasury Board policy framework for grant and contribution programs is overly rigid and that the government is inclined to try to impose a 'one size fits all' approach on recipients. As a general point, rigidity in program administration was often reported by respondents in our consultations.

A close reading of the written Treasury Board policies that affect transfer payments reveals that there is explicit provision for flexibility in establishing reporting requirements as well as many other aspects of the policy that affect recipients. These provisions, however, are lost in a mass of other admonitions and requirements in a policy framework so dense and inconsistent that the rules are poorly understood by departmental program managers and even by Treasury Board officials. Small wonder that in a risk-averse culture, little flexibility is allowed or expressed.

In the current environment of risk aversion, little management of risk finds its way into grant and contribution administration, although some departments and agencies (for example, the Atlantic Canada Opportunities Agency and Canada Economic Development) have developed quite sophisticated and practical methodologies. Sensible administration of government programs means establishing a control framework that is variable and sensitive to degrees of risk. The framework should reflect the conscious weighing of the costs of controls versus (a) administrative costs and (b) losses in program effectiveness.

> "Because risk cannot be eliminated, the challenge for funders is to be clear about their risk-tolerance levels, develop processes that permit the selection of funding opportunities that are a 'fit' with these levels, and then negotiate the least invasive controls and conditions required to achieve a balance of oversight and flexibility."
>
> *Pan-Canadian Funding Practice in Communities: Challenges and Opportunities for the Government of Canada, Canadian Council on Social Development, May 2006*

Recommendation

17) The Treasury Board of Canada Secretariat should develop a risk management approach for grants and contributions that tailors the nature of the oversight and reporting requirements to the capacities and circumstances of recipients, and complements their existing reporting processes. The panel believes these conditions should include, but not necessarily be limited to, the following:

- **the amount of money involved;**
- **the complexity of the uses to which the money is to be put (e.g., conditionality);**
- **the established management credibility and track record of the recipient;**
- **the sensitivity of the project/program; and**
- **the size and capacities of the recipient organization.**

If properly implemented, these changes would achieve the benefits of an 'accreditation' model for recipients as proposed by several respondents during our consultations.

Reporting and Accountability Requirements

A common theme throughout the panel's review has been the excessive and apparently redundant reporting required at every step of the grant and contribution process—duplicative audits, repeated performance reports, the obligation to collect data for apparently obscure reasons or to measure results even where these do not seem measurable.

The panel found it ironic that although so many data are collected, and so many reports required, it has proven very difficult to cull from all this information any useful baseline data on grant and contribution expenditures. Something is clearly amiss.

Reporting Requirements

Those who receive federal funding must report on what was done with those funds, and whether they have achieved the results intended. From time to time, recipients must undergo an audit to verify that the funding agreement was properly observed.

"Monitoring and reporting requirements are often redundant."

Office of the Auditor General of Canada, Management of Voted Grants and Contributions, Report of the Auditor General, 2006

It is the panel's view that reporting should be done in a streamlined way and should not be demanded at different times by different program managers. Managers in different programs and in different departments and agencies should be able to obtain access to needed information that is already in the possession of the federal government, without having to request it repeatedly from the recipient.

Recommendation

18) The Treasury Board and departments should modify monitoring and recipient reporting requirements in the policy framework for grant and contribution programs to ensure that they are not duplicative or redundant and that they are clearly connected to a demonstrable need.

Streamlined Financial and Program Reporting

With proper coordination and streamlining between programs, the various reporting requirements of multiple programs should be consolidated and satisfied through a single audit exercise. In cases where more than one department is involved in funding the recipient's activities, this could be done through a single designated department.

This approach is already followed in some cases where more than one department is funding a recipient for a single project. In addition, this single audit approach should be coordinated across multiple projects that a recipient may be carrying out for several departments. The point is to achieve meaningful control without imposing a burden of excessive cost on the government or disruption for the client.

"Issues of accountability, performance assessment, complexity, flexibility, and funding distribution can be daunting. Dealing effectively with one issue often aggravates another, creating a series of dilemmas and trade-offs for which no perfect solution exists."

Timothy J. Colan, Grants Management in the 21st Century: Three Innovative Policy Responses, 2005

This requirement for single audit is especially important in the case of contribution agreements with other governments. It is unnecessary and redundant for the federal government to impose its own audit requirements on another order of government that has a demonstrated capacity to carry out high-quality audits for the program in question. There should be more appropriate ways to integrate and collaborate in meeting audit objectives to avoid duplication and unnecessary burden on these recipients.

Recommendation

19) The Treasury Board of Canada Secretariat and departments should encourage and facilitate cross-departmental, consolidated audit planning for recipients engaged in projects funded from multiple programs. This is especially important in the case of intergovernmental contribution agreements.

> **"Systems seem to be designed on the assumption of dishonesty, hence the need for detailed monitoring. Perhaps a better starting point would be that most organizations that apply are honest and their reluctance to account stems from overworked staff rather than deceit."**
>
> *(Recipient comment)*

Accountability Documents

A second problem with policy and program design is that each grant and contribution program is defined and assessed by a number of government-approved documents.

- The *terms and conditions* of a program define the program objectives, what may be funded, who the eligible recipients could be, and what costs would be covered.
- The *Results-based Management and Accountability Framework* (RMAF) and the *Risk-based Audit Framework* (RBAF) define respectively the approach to be taken to evaluate the program and the approach to be taken regarding audit.

Our consultations revealed that these documents are often needlessly complex and confusing. There is a general consensus that they are often unusable in practice and offer little guidance to program administrators or to recipients. The documents are also expensive and time-consuming to prepare.

While the intention behind these planning and reporting documents was to improve clarity and precision, the result has been the opposite—delay and confusion. The panel has heard no persuasive defence of these cumbersome and complex procedures. They should be greatly simplified and to the extent possible be developed in consultation with recipients to support a shared understanding of program objectives and performance expectations.

Recommendation

20) The Treasury Board should replace the current Terms and Conditions, *Result-based Management and Accountability Framework* (RMAF) and *Risk-based Audit Framework* (RBAF) documents with simplified documents (or a single document) flexible enough to accommodate program and project differences and focussed on realistic, determinable objectives. This document (or these documents) should be developed through a consultative process involving internal and external stakeholders.

Audit and Evaluation

Frequency

Everyone would agree that federal expenditures should be audited, including grant and contribution payments. This is done at several levels.

- A *recipient audit* is an audit by the program administrator to ensure proper adherence to the funding agreement. An external auditor may perform this function.
- The *Internal Audit* group of a department audits the program administration's adherence to the terms and conditions of the program and the various federal policies that apply.
- The *Auditor General of Canada* may conduct audits.

The latter two types of audit usually do not involve recipients, but they may. The panel heard of cases where recipients were subjected to audit several times in a year, especially if they had received funding from more than one program (even within the same federal department). This is excessive and unnecessary.

Recommendation

21) Recipients should be subject to audit by the federal government no more than once a year, regardless of the number of funding agreements in place. (Exceptions would apply where a need was identified for follow-up action, e.g., forensic audits.)

Risk-Based Audit

According to Treasury Board policy, audits should be risk-based, but our consultations suggested that the frequency of audits is higher than necessary.

Recommendation

22) The Treasury Board should encourage departments to perform a regular series of random audits, based on the annual financial cycle of the recipient organization and a department-wide risk assessment of the organization.

Evaluation

One of the most important exercises in program management is program evaluation. In the present context, this means the periodic attempt to determine the overall success of a grant and contribution program. Has the program achieved its intended purpose? Have the policy objectives been met? Should the program be changed or phased out?

> **"Government departments are now evolving to become very centralized, controlled environments becoming more and more difficult to partner with in the development of innovative projects. Their unwillingness to take any risks is resulting in the mentality of being afraid to cross the street on a green light in case they might get hit by a car. In their own paralysis, they force this same controlled and centralized management structure on the communities and the projects that are trying to serve the communities with very mixed results."**
>
> *(Recipient comment)*

According to Treasury Board policy and the *Federal Accountability Act*, an evaluation of a grant and contribution program must be performed every five years. Depending on the complexity of the program, this can be a considerable undertaking. To prepare for the eventual program evaluation, the funding agreement often requires that recipients regularly collect and report data that are not directly related to the project's objectives.

The panel understands that program evaluation is evolving toward broader studies that go more deeply into the utility of whole program areas, as opposed to the relatively *pro forma*, program-specific evaluations that have been required in recent years. The latter may not be individually very costly, but collectively they are very expensive and represent an enormous burden on recipients at very little value to government.

Recommendation

23) **The Treasury Board should implement the provisions of the *Federal Accountability Act* regarding five-year reviews of the relevance and effectiveness of grant and contribution programs in a cost-effective manner such that in-depth evaluations are focussed on larger program areas, and data collection and reporting requirements are reasonable and demonstrably relevant to meaningful program evaluation.**

Fixing Business Processes

Whether a department or agency is able to administer its grant and contribution programs nimbly depends on several variables. Not all programs are the same, and it is obvious that some funding decisions will take more time to consider than others.

The panel is convinced, however, that an important cause for delay and poor service in the administration of grant and contribution programs lies in the cumbersome business processes that underlie every step of the decision chain—from the initial communication regarding a program, through application, information collection, assessment, approval, and subsequent reporting.

For many programs, a thorough analysis of the business processes that underpin the delivery of their grant and contribution programs could not only improve immediate performance but also provide important lessons for all federal grant and contribution programs.

Recommendation

24) The Treasury Board of Canada Secretariat, in collaboration with selected departments and agencies, should conduct a thorough review of services and processes used to deliver programs of grants and contributions. This review should reveal opportunities for improved service and efficiency as well as successful practices from other programs. The government should validate findings from this review with a limited number of departments through 'proof of concept' projects. The first wave of business process reviews and validations should be completed within three years. The findings from this review and validation would inform the longer-term implementation and program of change.

Data Improvement

As noted, departments and agencies collect great amounts of data on all their spending. This is required for financial reporting and display in the Public Accounts of Canada and in the Estimates process through the production of departmental reports on plans and priorities, and departmental performance reports.

Few countries report on their annual spending as comprehensively and as quickly as Canada. Yet, for all the masses of grant and contribution expenditure data collected, the information is remarkably difficult to analyze, primarily because it is not coded or organized in a way that permits an across-government categorization of these expenditures. For example, it was difficult for the panel to obtain basic information on recipient categories, the size of transfer payments and the extent to which organizations received recurrent funding.

Grant and contribution expenditures are an important vehicle for federal policy and should be easier to analyze. This would be greatly simplified if a standardized and meaningful coding system were developed and applied at the time that payments are recorded.

Recommendation

25) The Treasury Board of Canada Secretariat and the Receiver General should develop a standardized coding system to categorize grant and contribution expenditures. This will facilitate improved analysis, consistent reporting and improved horizontal management of programs.

Policy Framework

The panel believes the government can start the process of reform by creating a new written policy framework for the administration of grants and contributions, using the recently-revised draft Treasury Board *Policy on Transfer Payments* as a starting point. The new framework should be citizen-focussed, in that it should more strongly differentiate among the varying circumstances and needs of various client groupings, and recognize their different relationships with the federal government.

Recommendation

26) The Treasury Board of Canada Secretariat and the Office of the Comptroller General of Canada should work with departments (or clusters of departments) that deal primarily with particular recipient groups to develop a differentiated transfer policy framework that defines the continuing role of the Treasury Board and its Secretariat in relation to the delegated responsibilities of the department. This process should include continuing engagement with the recipient community and a determination to achieve streamlined reporting requirements.

Equipping Managers for Change

The development of know-how within the federal government is a key ingredient for success. Too often, confusion and uncertainty have underlain poor practices and poor results. Program administrators and recipients should have the tools and training they need to make good decisions and to perform efficiently. When they seek guidance it should be available.

Recommendations

27) The Treasury Board of Canada Secretariat should establish a centre of expertise in the Government of Canada, with an advisory board of departmental funders and program recipients, to assist departments in sharing best practices related to the application and administration of grants and contributions, and to promote innovation in program administration.

28) The Treasury Board should encourage government-wide training programs targeted at all relevant public servants, including program officers, comptrollers, audit and evaluation personnel, as well as senior managers responsible for the administration of transfer payment programs. Development costs should be centrally funded and programs administered by the Canada School of Public Service.

"[…] Various requirements, including multiple audits, demonstrating eligibility for funding, and reporting on recipients' results can impose a heavy financial and administrative burden […] Departments have yet to streamline their management of grants and contributions in a way that would resolve those concerns."

Office of the Auditor General of Canada, Management of Voted Grants and Contributions, Report of the Auditor General, 2006

Technology

Systems and processes are important in government, but improvements in the administration of grant and contribution programs will not be achieved solely by the use of information technology.

The panel does *not* recommend the launch of a vast program of information technology redesign. These initiatives have a record of being expensive and involving a long time from design to implementation. Rather, we believe that technical solutions already exist within various departments and agencies that can inform the administration of grant and contribution programs and contribute to better administration.

One way in which technology can greatly benefit recipients is by making it easier for them to be informed electronically about both programs and the status of individual applications.

Recommendations

29) The Treasury Board of Canada Secretariat should act in partnership with lead departments to improve the current system of recipient access to information about grants and contributions, including web-based notices, email alert systems, keyword search capacity, electronic application processes, electronic tracking processes (for status of project files) and improved posting of policies and guidelines.

30) The Treasury Board of Canada Secretariat should collaborate with key departments to improve the electronic interface with governments through a portal or portals (such as MERX and Strategis, which support Canadian small and medium-sized enterprises, or Grants.gov and GrantsLink which support applicants for government support in the United States and Australia, respectively). The access system could be built by expanding existing federal portals, building a new portal, or by further funding a sector portal such as the Community Non-Profit Gateway.

How Grant and Contribution Administration Could Work In Future:

Providing Support for Research and Development to a Firm in a Small Town

The genomics industry in Canada has been growing rapidly in recent years and is well positioned in the global market. A firm in a small town relies heavily on federal repayable contributions as part of the applied research and development necessary in the pre-commercial phase of product development. These funds help the firm enter the marketplace quickly and deliver new products to customers within a few weeks of orders being received.

The firm seeks support for a new process that it believes will improve the accuracy of genomics measurement devices and, to this end, has prepared a contribution application for $300,000 from Industry Canada, repayable over 18 months. Time-to-market is a crucial consideration and the use of Industry Canada's newly developed business portal could give the firm a reasonable chance of being first to market with the new product, helping to grow its export sales.

The firm's application is submitted electronically, drawing on information from previous applications. The software behind the portal can advise the firm immediately if it is eligible for funding from this particular source. This immediate feedback enables the firm to advise its bank that the application is in process and has qualified at the first level. This, along with knowledge that the approval process service standard for Industry Canada is three weeks, allows the bank to prepare paperwork so that once the approval is finalized a line of credit will immediately be provided. These few weeks will make a substantial difference in getting product to market prior to the annual Genomics Show.

The 'deliverable' for the contribution, which will flow from the refined production technique being funded, is a 10 per cent improvement in the accuracy in the firm's suite of devices and a reduction in production costs by 5 per cent. Although the company anticipates that this increased accuracy, combined with lower costs, will move its product to number one in the marketplace, increase sales by 15 per cent and lead to the hiring of 35 new employees over the next two years, these results are dependent on factors outside the company's direct control. The *accountable* deliverables for the purpose of the contribution agreement are the 10 per cent increase in accuracy and the 5 per cent reduction in production costs, verified by audit.

At Industry Canada, the business portal allows the program manager to review the application in light of other funding the firm has received and to identify any outstanding issues that must be addressed prior to receiving final funding approval. The program manager and the applicant exchange information through the secure section of the portal to clarify all outstanding issues in order to process the contribution within the service standard time frame. Once the application is approved, the confirmation is transmitted to the bank to allow funding to flow to the firm without delay.

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With the contribution approved and the agreement drawn up, the repayment schedule is developed in partnership with the recipient. Should the firm not be able to comply with the scheduled repayments, it must notify the program manager in advance so that adjustments can be made. Should the firm fail to notify the government prior to a missed payment, it is noted in their profile and this fact will affect future funding.

Upon completion of the project, the firm is required to expand its annual audit to include this project and to submit supporting documentation indicating the difference government funding has made in the cost of its product, the delivery of the project and the jobs created due to increased sales.

Comment: *In this idealized scenario, there is accountability for funding and deliverables. The business is able to obtain access to government resources in a timely manner and shorten its time-to-market. This benefits the local economy through new employment and the potential for future growth in this area.*

Implementation

The panel is advocating continuous improvement of the federal government's approach to grant and contribution programs, a process that should involve the continuing engagement of concerned departments and agencies and ongoing dialogue with the recipient community. Such an approach is ambitious but feasible.

A Vanguard for Change

Departments and individual programs are in differing stages of readiness to participate in these improvements. In moving forward, it makes sense to take advantage of those that have already established best practices or that are otherwise prepared to act quickly.

Recommendation

31) The Treasury Board of Canada Secretariat should assemble clusters of relevant departments to form a vanguard for change, starting with the business process review (recommendation 24) which includes early implementation of recommended changes. Selection of these departments should be based on:

a. their degree of engagement in grant and contribution programs;

b. their current capacity for change; and

c. the preparedness and capacity of senior management to set an immediate direction for change.

Financial Commitment

Recommendation

32) The Treasury Board should create a fund to be disbursed over four years to support leadership by the Treasury Board of Canada Secretariat of the change process in government, including support for:

a. the creation of the above-mentioned centre of expertise (recommendation 27), aimed at the identification and promotion of best practices and improvements in the grants and contributions system in government;

b. the Treasury Board of Canada Secretariat-led Business Process Review recommended above;

c. departmental process reviews, systems and training; and

d. easier-to-access web portal capability that would link applicants to federal programs and also, over time, to programs operated by other levels of government.

How Grant and Contribution Administration Could Work In Future:

Providing Literacy Supports at a Women's Shelter

The Community Women's Shelter is a non-profit organization in an isolated town. It receives modest sustaining funding from the municipality and the province to provide shelter and safety for local women and their children who are victims of domestic violence. The Shelter relies on federal contributions, most frequently from Human Resources and Social Development Canada (HRSDC), to develop literacy learning tools responsive to its clients needs.

The Shelter's services are provided by its executive director, a small paid staff and community volunteers. It has a volunteer board, including professionals in law and finance, and other community leaders.

The executive director, in consultation with her board, develops an application to HRSDC for $125,000 for an 18-month literacy support project. The application is submitted electronically, drawing effortlessly on information from previous applications on the password-protected part of the HRSDC grants and contributions portal. The department's service standard calls for a decision on the application within eight weeks and the executive director can track the progress of the application online. In case of delay within government, the executive director is confident that there is a process to fast-track her application to make up for the delay. Her organization can now plan with confidence that they will be informed of the outcome of the application process well in advance of the project's proposed start date, so that staff can be hired in a cost-effective manner. Resources previously spent on follow-up calls and meetings to understand the application process and time taken to complete applications manually and to make alternative arrangements while waiting for funding decisions are now used to help women at the Shelter.

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Behind the scenes, the federal program manager determines that part of the proposal falls outside the HRSDC literacy program. The program officer has access to the government's database of programs for this type of activity and finds that the Aboriginal component can be funded under an Indian and Northern Affairs Canada program. This information is provided to the applicant. The $125,000 project is approved and a signed funding agreement is sent to the applicant for approval.

Once the contribution is approved, the simple, user-friendly funding agreement clearly states the well-defined, practical deliverables: such as the training of 30 community volunteers to support literacy upgrading at the shelter for 100 women. As determined under the risk assessment, a requirement of the funding agreement is that the executive director electronically submit a semi-annual narrative report on planned activities to the program manager, along with a financial report. If concerns arise, the program manager visits the Shelter and helps identify administrative problems or organizational issues that need to be addressed through capacity-building workshops (e.g., bookkeeping training for a staff member). It is understood that these remedial measures must be addressed within an agreed time frame for project funding to continue. These checkpoints, combined with the submission of the annual audited financial statements prepared in concert with the Shelter's regular audit process, are reported to the Shelter's board of directors and HRSDC, as they may affect current or future funding. Addressing these concerns immediately will enable the Shelter to stay in good standing so that additional project funding will be accessible in the future. A letter from the board chair, describing actions taken to address issues raised in an audit is required within three months of the end of the fiscal year. The Shelter must also post the executive director's quarterly narrative report on its website identifying project accomplishments and inviting comments from the community.

Upon completion of the project, an evaluation may be undertaken by the department with recommendations for any improvements in administration. Once approved, these recommendations are electronically recorded in the Shelter's profile on the departmental website for reference by government officials in all departments when considering future funding applications. All departments have easy access to this information through a common identifier assigned to each recipient doing business with the government.

Comment: *In this idealized scenario, there is accountability for funding and deliverables to government, as well as to the community; there are opportunities to improve administration should issues arise; and funding is available in time for efficient administration over the appropriate time frame, leading to more resources going to service provision and less for administration.*

IV. Concluding Comments

Best Practices

The panel does not want our criticisms of the current situation or our various recommendations for change to be read as implying that there is nothing positive in the government's administration of grants and contributions. Indeed, we were struck during our consultations by the fact that a number of departments and agencies—notably the four regional development agencies but also some larger entities such as Service Canada—have taken major steps to simplify and improve their grant and contribution programming. Each, in one way or another, has already done many of the things that we are recommending, for example:

- adopting a citizen focus;
- simplifying the application and approval process;
- setting service standards;
- using technology to facilitate client access to programs;
- tailoring reporting requirements to the size and purpose of the contribution, as well as the capacities of the recipient; and
- avoiding excessive or duplicative audits.

It was the evidence of these good practices that prompted our recommendation to the President of the Treasury Board to take more systematic notice of what is already being done, and to share those innovative approaches across government. There is much to be learned from current practices and much good to be achieved through their wider application.

Management Culture

The issue of management culture emerged during our consultations and it provoked a good deal of reflection within the panel. We recognize that the federal government is Canada's most complex work environment, and that there are many reasons why things are the way they are today. We know that our report represents but one vector in a multi-vector universe, and we are under no illusions that our conclusions and recommendations—by themselves—will bring about comprehensive change.

But we also believe that a process of review as extensive as ours, touching as it has nearly 2,000 individuals inside and outside government who are involved in one way or another with grants and contributions, cannot but reveal some

important truths. One of them is that the present management culture in government is not conducive to the effective and efficient administration of grants and contributions. It is far too risk-averse, involves too much meaningless process and red tape and has resulted in a situation where the recipients of federal grants and contributions are treated as beneficiaries rather than partners in an enterprise for the public good.

Respect for the client must surely be the starting point for a proper understanding of grants and contributions. If we regard these programs as discretionary benefits conferred on an undeserving and untrustworthy clientele, then we have started off on the wrong foot. It is this sort of attitude that leads to excessive controls, costly and unnecessary audits, and requirements for reports that no one will ever read. But if we treat clients as partners in the pursuit of shared objectives, we can achieve lasting improvements in administration and in program results.

The present culture of over-control does nothing to strengthen accountability. Indeed, the sheer complexity of the current 'web of rules' serves only to confuse accountability and frustrate managers and recipients alike. More rules do not make better rules, and no amount of central regulation will forestall all wrongdoing, or prevent people from making mistakes. Rather, the task is to control the risks of error through a modern and streamlined system of risk management. Accountability is strengthened when compliance rules make sense and are established at a level that corresponds to risk and need.

The government needs more business-like rules and requirements—ones that make intelligent distinctions among different programs, needs and risks. It requires rules that reflect an awareness of their effects on clients and that strengthen accountability by making it clearer and more effective.

Taking Ownership

We are confident there is receptivity in the Treasury Board and the Treasury Board of Canada Secretariat to sensible changes that will improve efficiency while strengthening accountability. We have no doubt that the President of the Treasury Board and his officials will be capable of showing the system-wide leadership that is essential to effective change over the medium and longer term. But leadership from the centre of government is not enough to sustain the kinds of changes we are proposing. The Treasury Board, after all, is not the only institution responsible for the web of rules; departments and agencies themselves have erected additional systems of control and reporting. It is there that the management culture of the government resides and from there that culture change will have to come.

This is why the panel recommends that the government start forthwith along the path of change with 'proof of concept' projects involving clusters of relevant departments and agencies. These institutions are responsible for the programs of grants and contributions, they are closest to clients and they know best how to innovate in ways that will improve service while enhancing real accountability. We are therefore encouraging those departments and agencies to take ownership of this process of change and to involve the recipient organizations and communities in the process. It is only when clients are treated as allies—as part of the solution rather than part of the problem—that the government will be able to bring about lasting and positive change to its administration of grants and contributions.

Getting on with the Job

Our last concern is, of course, with implementation. No panel wants to see its report simply read and then shelved. The need for change is obvious to all who have looked at this problem—not only this panel, but the Auditor General of Canada, parliamentary committees and the many other authors and review teams that have examined these issues in recent years.

The fact that there is much to be done, in many different dimensions of government activity, should not lead one to the conclusion that the task is simply too large or too difficult to undertake. Rather, it should lead to the conviction that it is time to begin.

As can be seen in the timelines set out in Appendix 2, quite a lot can be done immediately, by the Treasury Board of Canada Secretariat and/or by the funding departments and agencies. On other issues, more work is required, but here again, decisions should be possible within no more than 18 months. And with these steps under way, the relatively few problems requiring significant further work can proceed at a reasonable pace.

Some things in government are difficult, but improving the administration of grants and contributions should not be one of them. We simply have to recognize the problem and get to work.

Appendix 1: Terms of Reference

(as published in June 2006)

Through the *Federal Accountability Act* and its Action Plan, the Government of Canada is bringing forward specific measures to help strengthen accountability and increase transparency and oversight in government operations.

The Action Plan aims to strike an appropriate balance between oversight and flexibility. The goal is to create a policy that helps ensure the achievement of desired outcomes, improves accountability and encourages management efficiency. Accordingly, the government is establishing an independent panel to review and make recommendations on the implementation of the draft Treasury Board *Policy on Transfer Payments*.

Mandate

An independent panel will be mandated to provide advice on how to achieve strong accountability for the funds spent on grants and contributions, under the draft Treasury Board *Policy on Transfer Payments*, while allowing for their efficient management and effective access to them.

This mandate involves:

- reviewing the draft *Policy on Transfer Payments*, along with its directives and related departmental practices;
- identifying barriers to access for applicants for government grant and contribution programs and recommending changes to government-wide and departmental policies and practices to ensure that the government delivers those programs in a fair, cost-effective and efficient manner;
- giving consideration to eliminating legislative barriers and constraints to the effective and efficient delivery of grant and contribution programs; and
- assessing whether instruments other than grants and contributions can better achieve policy outcomes for Canadians in receipt of government support.

Duration of the Review

The panel will submit a written report outlining its recommendations on ensuring an appropriate balance between accountability, and effective and efficient program delivery to the President of the Treasury Board by December 2006.

Conduct of Review

1) Draft Treasury Board Policy on Transfer Payments

The panel will be expected to review the draft *Policy on Transfer Payments* and related directives, including relevant sections of the *Financial Administration Act*, to:

- determine where there may be unproductive controls or ineffective reporting requirements respecting transfer payments that do not serve to strengthen accountability and may create an undue administrative burden on those managing grant and contribution programs, as well as applicants seeking to access them;

- determine whether the proposed direction provided to departments is likely to strengthen accountability and enhance management performance in the delivery of grant and contribution programs while contributing to the achievement of policy outcomes established by the government; and
- identify opportunities to rationalize policy requirements that may impose an unnecessary burden on those administering grant and contribution programs in departments or those seeking access to them.

2) Departmental Practices

The panel will also be expected to examine departmental management policies, procedures and practices with respect to grants and contributions in select departments to identify opportunities to rationalize requirements and reduce inefficiencies while ensuring strong accountability. This aspect of the panel's work could include:

- greater use of transparency to foster excellence in management practices (e.g., proactive disclosure);
- enhancements to management of reporting information to support better program performance and decision making; and
- mechanisms to assess departmental management performance of grants and contributions on an ongoing basis to promote continuous improvement.

3) Other Considerations

The panel will take into consideration related initiatives proposed in the *Federal Accountability Act* and Action Plan, as well as other reviews conducted or underway over the past two years related to the development of the draft Treasury Board *Policy on Transfer Payments*. The panel will also review the Auditor General of Canada's report on the management of grants and contributions, tabled on May 16, 2006.

4) Engagement

The panel will hear from government officials, grants and contributions applicants and those organizations that deliver grants and contributions on behalf of the government.

Independent Panel

Three distinguished individuals have been selected to serve on this panel based on their knowledge of grant and contribution programs issues, as well as their experience leading a private- or public-sector organization in the delivery of services to clients, while ensuring effective accountability and control. A committee of deputy ministers will support the work of the panel.

Appendix 2: Detailed Recommendations and Timelines

The panel has proposed reasonable time frames for the accomplishment of its recommendations. These are listed below.

Short Term (within four months)

1. Our first recommendation is that the President of the Treasury Board should convey this report to the Prime Minister and that the issues it addresses be regarded as priority concerns of the government.

2. The Prime Minister should designate the President of the Treasury Board as the lead minister accountable for overseeing the reform of grants and contributions administration in the Government of Canada and for meeting announced targets.

5. The objectives established in the funding agreement for a particular recipient should be clearly defined, realistic and determinable.

12. The Treasury Board should, through its policy and decisions, encourage multi-year funding of projects where projects or activities are multi-year in nature.

13. Similarly, the Treasury Board should encourage multi-year funding of the federal granting agencies that offer multi-year funding to their own recipients.

14. The Treasury Board should encourage a reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories.

15. The Treasury Board should encourage funding departments and agencies to revisit the issue of whether and under what circumstances core funding is warranted to supplement project-specific funding.

16. The Treasury Board should establish as a principle that, to the extent that the policy objective underlying the grant or contribution program is the delivery of federal programs through a third party, funding levels should reflect the full cost of program delivery.

31. The Treasury Board of Canada Secretariat should assemble clusters of relevant departments to form a vanguard for change, starting with the business process review (recommendation 24), which includes early implementation of recommended changes. Selection of these departments should be based on:

    a. their degree of engagement in grant and contribution programs;

    b. their current capacity for change; and

    c. the preparedness and capacity of senior management to set an immediate direction for change.

32. The Treasury Board should create a fund to be disbursed over four years to support leadership by the Treasury Board of Canada Secretariat of the change process in government, including support for:

    a. the creation of a centre of expertise (recommendation 27), aimed at the identification and promotion of best practices and improvements in the grants and contributions system in government;

b. the Treasury Board of Canada Secretariat-led Business Process Review recommended above;

c. departmental process reviews, systems and training; and

d. easier-to-access web portal capability that would link applicants to federal programs and also, over time, to programs operated by other levels of government.

Medium Term (within 18 months)

3. The current web of rules governing grants and contributions should be reviewed according to the following eight principles, with a view to rewriting the administrative policies promulgated both by the Treasury Board and by departments:

   a. **Intelligibility:** Rewritten policies should be readily understandable to those expected to follow them. This means fewer, more focussed and more understandable rules.

   b. **Clarity of results:** Rewritten policies should call for the clear and practical description of the results the program expects to achieve and of the deliverables that the recipient is expected to produce.

   c. **Practicality of compliance requirements:** Rewritten policies should call for measures used in monitoring, reporting, and audit to be focussed on outcomes or results that are within the recipient's reasonable control.

   d. **Risk-sensitivity of compliance requirements:** Rewritten policies should require that measures used in monitoring, reporting and audit distinguish between what is needed to address appropriate use of funds and other factors of interest (e.g., data collection for research or information for evaluation purposes). They should also reflect the scale of the funding, the nature of the activity being funded and the track record of the recipient.

   e. **Vertical coordination of reporting requirements:** Rewritten policies should encourage use of the recipient's normal reporting practices, using instruments employed for other purposes.

   f. **Horizontal coordination of reporting requirements:** Rewritten policies should encourage reporting in ways that can contribute to the accountability requirements of all the federal programs involved. A recipient receiving funding from different programs should be able to consolidate all reporting.

   g. **Reasonable cost of accessing programs:** The cost of compliance measures for a recipient should be kept to a minimum. It diminishes the effectiveness of contribution programs when the cost of acquiring funding is a significant share of the actual funding. Compliance measures should reflect the scale of the funding.

   h. **Citizen focus:** Recipients should be involved in the design and monitoring of the new grants and contributions regime.

4. In reviewing the *Policy on Transfer Payments* and associated policies and guidelines, the Treasury Board should ensure that grant and contribution funding instruments are better matched to the type of program being funded. Instead of the current multi-category spectrum of payment instruments, the panel sees a need for just three instruments:

   a. *grants* that are unconditional or that have only very limited reporting requirements;

   b. *contributions* that are project-related or are finite; and

   c. *contributions* that are for sustained service delivery and are therefore longer-term.

6. To achieve a 'single view of the client' the Treasury Board of Canada Secretariat and concerned departments should improve horizontal coordination of program administration within and across departments.

8. To improve the system for managers and recipients alike, the Treasury Board of Canada Secretariat and departments should take immediate steps to simplify and make more transparent the grant and contribution application process by reducing the number of steps, making greater use of common forms, simplifying information requirements and using electronic technologies for submissions and follow-up communications. Where appropriate, departments and agencies should be encouraged to use trained program officers to assist applicants in understanding and accessing the system.

9. Selected lead departments and agencies, in collaboration with the Treasury Board of Canada Secretariat and recipients, should publish clear service standards for grant and contribution programs using plain language that can be understood by all parties. Service standards for selected departments should be available within 18 months, and all departments and agencies should develop service standards within three years.

10. The Treasury Board of Canada Secretariat should clarify with the Office of the Privacy Commissioner the privacy issues related to the sharing of recipient information among departments to ensure that relevant information about federal investments in grants and contributions is available across government. This clarification should explore such issues as use of the business number and recipient consent for information sharing.

11. The Treasury Board should modify policy development, program design and evaluation practices to ensure that evaluations measure program-related objectives and outcomes that are well-defined and realistic. Data collection and reporting requirements should be specified accordingly.

17. The Treasury Board of Canada Secretariat should develop a risk management approach for grants and contributions that tailors the nature of the oversight and reporting requirements to the capacities and circumstances of recipients and complements their existing reporting processes. The panel believes these conditions should include, but not necessarily be limited to, the following:
    - the amount of money involved;
    - the complexity of the uses to which the money is to be put (e.g., conditionality);
    - the established management credibility and track record of the recipient;
    - the sensitivity of the project/program; and
    - the size and capacities of the recipient organization.

18. The Treasury Board and departments should modify monitoring and recipient reporting requirements in the policy framework for grant and contribution programs to ensure that they are not duplicative or redundant and that they are clearly connected to a demonstrable need.

19. The Treasury Board of Canada Secretariat and departments should encourage and facilitate cross-departmental, consolidated audit planning for recipients engaged in projects funded from multiple programs. This is especially important in the case of intergovernmental contribution agreements.

20. The Treasury Board should replace the current Terms and Conditions, *Result-based Management and Accountability Framework* (RMAF) and *Risk-based Audit Framework* (RBAF) documents with simplified documents (or a single document) flexible enough to accommodate program and project differences and focussed on realistic, determinable objectives. This document (or these documents) should be developed through a consultative process involving internal and external stakeholders.

21. Recipients should be subject to audit by the federal government no more than once a year, regardless of the number of funding agreements in place. (Exceptions would apply where a need was identified for follow-up action, e.g., forensic audits.)

22. The Treasury Board should encourage departments to perform a regular series of random audits, based on the annual financial cycle of the recipient organization and a department-wide risk assessment of the organization.

23. The Treasury Board should implement the provisions of the *Federal Accountability Act* regarding five-year reviews of the relevance and effectiveness of grant and contribution programs in a cost-effective manner such that in-depth evaluations are focussed on larger program areas, and data collection and reporting requirements are reasonable and demonstrably relevant to meaningful program evaluation.

24. The Treasury Board of Canada Secretariat, in collaboration with selected departments and agencies, should conduct a thorough review of services and processes used to deliver grants and contributions. This review should reveal opportunities for improved service and efficiency as well as successful practices from other programs. The government should validate findings from this review with a limited number of departments through 'proof of concept' projects. The first wave of business process reviews and validations should be completed within three years. The findings from this review and validation would inform the longer-term implementation and program of change.

26. The Treasury Board of Canada Secretariat and the Office of the Comptroller General of Canada should work with departments (or clusters of departments) that deal primarily with particular recipient groups to develop a differentiated transfer policy framework that defines the continuing role of the Treasury Board and its Secretariat in relation to the delegated responsibilities of the department. This process should include continuing engagement with the recipient community and a determination to achieve streamlined reporting requirements.

27. The Treasury Board of Canada Secretariat should establish a centre of expertise in the Government of Canada, with an advisory board of departmental funders and program recipients, to assist departments in sharing best practices related to the application and administration of grants and contributions, and to promote innovation in program administration.

28. The Treasury Board should encourage government-wide training programs targeted at all relevant public servants, including program officers, comptrollers, audit and evaluation personnel as well as senior

managers responsible for the administration of transfer payment programs. Development costs should be centrally funded and programs administered by the Canada School of Public Service.

29. The Treasury Board of Canada Secretariat should act in partnership with lead departments to improve the current system of recipient access to information about grants and contributions, including web-based notices, email alert systems, keyword search capacity, electronic application processes, electronic tracking processes (for status of project files) and improved posting of policies and guidelines.

Longer-Term (within three years)

7. The Treasury Board and its Secretariat should, to the extent practicable, and in cooperation with other orders of government, seek to harmonize federal, provincial and municipal information, reporting and audit requirements for grants and contributions.

25. The Treasury Board of Canada Secretariat and the Receiver General should develop a standardized coding system to categorize grant and contribution expenditures. This will facilitate improved analysis, consistent reporting and improved horizontal management of programs.

30. The Treasury Board of Canada Secretariat should collaborate with key departments to improve the electronic interface with governments through a portal or portals (such as MERX and Strategis, which support Canadian small and medium-sized enterprises, or Grants.gov and GrantsLink which support applicants for government support in the United States and Australia, respectively). The access system could be built by expanding existing federal portals, building a new portal, or by further funding a sector portal such as the Community Non-Profit Gateway.

Appendix 3: Glossary of Terms

Auditor General of Canada

The Auditor General of Canada audits federal government operations and provides Parliament with independent information, advice and assurance to help hold the government to account for its stewardship of public funds.

Canada Health Transfer

Federal transfer provided to each province and territory in support of provincial health care. Funding is provided through cash payments and tax transfers.

Canada Social Transfer

Federal transfer provided to each province and territory in support of post-secondary education, social assistance and social services, including early childhood development and early learning and childcare. Funding is provided through cash payments and tax transfers.

Comptroller General of Canada

The Comptroller General of Canada heads the Office of the Comptroller General of Canada. He reports to the President of the Treasury Board and is responsible for providing leadership across the public service to the financial management and internal audit communities, and for ensuring that standards are set and observed.

Contribution

A conditional transfer payment to a recipient for a specified purpose pursuant to a funding agreement and subject to being accounted for and audited.

Estimates / Main Estimates

A detailed listing of the resources required by individual departments and agencies for the upcoming fiscal year in order to deliver the programs for which they are responsible.

Funding Agreement

A written legal agreement setting out the obligations of the federal government and the recipient with respect to the transfer payment.

Grant

A transfer payment, approved by Parliament as a 'grant,' that is provided when the recipient satisfies pre-established eligibility criteria. Recipients are not required to account for the use of the funds, but they may be required to report on results achieved.

Internal Audit

An independent, objective federal organizational function intended to add value to, and improve, the overall effectiveness and efficiency of an organization's operations. Internal audits are conducted by the organization's internal audit group and, beginning in 2007, will be submitted to the departmental audit committee. This committee is intended to provide oversight, advice and guidance to the deputy minister, and fulfil a challenge function. It will report at least annually to the deputy minister and the Comptroller General of Canada.

Policy on Transfer Payments

A Treasury Board policy whose objective is to ensure sound management of, control over and accountability for transfer payments.

Program Evaluation

A process intended to ensure that a department or agency has timely, strategically focussed, objective and evidence-based information on the performance of its programs.

Recipient

An individual, organization, other level of government or foreign government that is in receipt of a transfer payment from the federal government.

Recipient Audit

An audit that may be conducted at the initiative of the department, often using an external auditor. Recipient audits may include financial audit, compliance with the terms of a contribution agreement, audit of whether funds are being used for the purpose intended, and/or audit of stewardship of public funds. Recipient audits are part of managerial monitoring.

Repayable Contributions

A type of contribution that obligates the recipient to make payments to the federal government when the conditions set out in the funding agreement are met (e.g., the generation of revenue or profits, or an increase in the value of the venture). Repayable contributions are usually made to businesses and are intended to allow the business to generate profits or to increase the value of the business.

Results-based Management and Accountability Framework (RMAF)

A document required pursuant to the *Policy on Transfer Payments* that is intended to serve as a blueprint for federal managers to help them plan as ensure that results and outcomes are adequately evaluated, measured and reported throughout the lifecycle of a program or initiative.

Risk-based Audit Framework (RBAF)

A management document required pursuant to the *Policy on Transfer Payments* that is intended to explain how risk concepts are integrated into the strategies and approaches used for internal audits and recipient audits as well as the reporting and management strategies used in programs funded through transfer payments.

Service Standards

A statement of the services provided, the quality of service delivery that the client should expect to receive, the specific delivery targets for key aspects of the service, the costs of the service, and the complaint and redress mechanisms that clients can use when they feel standards have not been met.

Single Audit

A coordinated audit approach that can meet the needs of many program administrators.

Terms and Conditions

The objectives, requirements and limitations developed in accordance with the *Policy on Transfer Payments* that must be approved by the Treasury Board, with respect to a transfer payment program, before the department may enter into any funding agreement or make any commitment to expend funds under that program.

Transfer Payment

A payment made by the federal government on the basis of a parliamentary appropriation to a recipient for a specific purpose, namely to further a government policy objective that does not result in the acquisition by the federal government of any assets, goods or services. Transfer payments do not include loans, loan guarantees or investments.

Treasury Board (TB)

The Cabinet committee that is responsible for accountability and ethics, financial, personnel and administrative management, comptrollership, approving regulations and most Orders-in-Council.

Treasury Board of Canada Secretariat (TBS)

The administrative arm of the Treasury Board. The Secretariat provides advice and support to Treasury Board ministers in their role of approving spending plans as well as providing oversight of the financial management functions in departments and agencies. TBS also provides advice to the Treasury Board on policies, directives, regulations and program expenditure proposals with respect to the management of the government's resources and, through the Office of the Comptroller General of Canada, is responsible for the comptrollership function of the federal government.

Voluntary Sector Initiative (VSI)

A five-year joint initiative between the Government of Canada and the voluntary sector that focussed on strengthening the relationship between the sector and the government, and enhancing the capacity of the voluntary sector. For more information, see www.vsi-isbc.ca.

Appendix 4: Highlights of the Online Consultations with Recipients and Program Managers

Online Consultation Process

The panel conducted an online consultation exercise to identify key issues, challenges and possible solutions for the administration of federal transfer payments. More than 1,600 individuals participated in this process. Recipients of grants and contributions were consulted in August and September 2006. Federal program managers—public servants who administer the distribution of grants and contributions—were consulted in September and October 2006. During the exercise, participants were asked to select priorities and preferred actions from lists of choices; additionally, participants were encouraged to offer comments and to suggest best practices. These opinions were submitted through online 'workbooks' which were completed by participants on the panel's website at www.brp-gde.ca.

The panel also completed two other rounds of electronic consultations. Individuals and organizations were invited to submit reports, discussion papers and other documents for the panel's consideration. All of these submissions have been archived on the panel's website. The panel also held an online discussion on grants and contributions. This three-week-long dialogue engaged academics and other experts from across Canada. Summaries of these discussions may be found on the panel's website at www.brp-gde.ca.

Profile of Participants

Almost 1,100 recipients of grants and contributions from a variety of sectors and regions completed workbooks for the panel's consultation exercise. Of these participants, 60 per cent worked in the non-profit or voluntary sector, 24 per cent in the business sector and 12 per cent in the Aboriginal sector. Almost half of the recipients indicated that they received the majority of their federal grants and contributions as short term (e.g., one year) funding.

Almost 550 federal program managers—34 per cent of the group originally solicited—completed workbooks for the panel's consultation exercise. Many of these respondents had considerable experience working with grants and contributions; just under 40 per cent reported having more than 10 years of experience working with transfer payments. Managers who deliver funding programs to Aboriginal communities and the non-profit sector were strongly represented; 10 per cent of the respondents reported serving the business sector or international recipients. Just over 30 per cent of the program managers indicated that they were primarily located in the National Capital Region.

Priorities for Action

Recipients and program managers indicated that the panel should consider the following key issues in its study of the federal grants and contributions system.

'Single Window' Approach: Program managers and recipients agreed on the importance of a "single window" approach to the delivery of grants and contributions. This proposal was supported by over 80 per cent of non-profit respondents. Program managers also showed strong interest in this concept with over 50 per cent of respondents indicating that it should be one of the panel's top three priorities for study.

Better Coordination Across Departments: Program managers reported a lack of consistency across the federal government as well as within their own departments. A significant number of these respondents thought that a common government-wide system for the administration of grants and contributions was required. Over 70 per cent of recipients indicated that the panel should look into setting up a system where information could be shared and populated automatically into administrative documents.

Improved Technology: Both recipients and program managers thought that the panel should investigate the potential advantages of using improved technology and information systems in the administration of grants and contributions. More than 90 per cent of recipients identified the ability to track their application online as their top priority for change. Almost 70 per cent of program managers disagreed strongly with the statement that their current "information systems were adequate." The responses gathered from program managers also suggested that the need for technological improvements is more urgent in regional offices than in the National Capital Region.

Relationships and Communication: While recipients thought that the panel should determine how stronger relationships could be built between recipient and government organizations, program managers indicated that fostering better communication between these departments should be the higher priority for the review.

How to Improve

There was less agreement between recipients and program managers about the changes that should be made to improve the federal grants and contributions system.

Service Standards: While the majority of recipients (89 per cent) indicated that clear service standards should be developed for the processing of applications, reports and payments, program managers did not perceive the lack of service standards to be an important issue.

Long-term Funding and Other Funding Alternatives: Approximately 60 per cent of program managers indicated that the availability of long-term funding warranted study. Recipients, especially non-profit organizations, also showed strong support for the use of long-term funding. Other funding alternatives were not as widely favoured. Program managers did not see tax incentives, endowments or service contracts as viable policy instruments. Although 97 per cent of recipients from the business sector supported the use of tax incentives, only one per cent of recipients from the non-profit sector were interested in this option. Service contracts were supported by almost 30 per cent of the recipients who completed the workbook.

Improved Business Processes: Both recipients and program managers indicated that too much of their effort was devoted to the administration of grants and contributions with little or no perceived benefit or real increases in accountability. A significant number of both small (87 per cent) and large (43 per cent) non-profit organizations reported that they spend between 21 per cent and 50 per cent of their time applying for and administering grants and contributions. Over 70 per cent of all non-profit organizations indicated

that up to 20 per cent of their time could be better used if application and administration processes were improved.

Increased Clarity: The majority of both recipients and program managers felt that a clearer explanation of the application and administration processes for grants and contributions was required. Program managers strongly identified this as a top priority; as well, almost 70 per cent of recipients suggested that it was important that the panel investigate this issue.

Challenges

Respondents indicated that the following issues would likely present challenges to the improvement of the federal grants and contributions system.

Training and Guidance: Program managers were strongly supportive of initiatives to improve training and guidance. They reported that most of their information regarding the administration of grants and contributions came from within their department. Only 25 per cent of program managers reported using Treasury Board documents or materials for reference and a similar proportion of managers said that advice and guidance were not available on a timely or consistent basis. This number doubles when participants from the National Capital Region are removed from the analysis.

Leadership and Delegation of Authority: Program managers reported that stronger leadership within departments was required to implement lasting improvements to the grants and contributions system. These respondents, particularly those based in regional offices, also reported that the lack of delegation of authority was a main barrier to the effective distribution of grants and contributions.

Accountability and Management Tools: Across all recipient sectors, there was a strong recognition of decreased flexibility in the federal administration of grants and contributions. It is perceived that an increased emphasis on accountability has resulted in this more constrained operating environment. Instead of assigning reporting and audit requirements based on an analysis of risk, the same rules have been imposed on all organizations to ease administration. Program managers described the lack of flexibility in Treasury Board policies as a barrier to the effective administration of grants and contributions and felt that many of the tools that had been put in place were not fulfilling the purposes for which they were designed. Recipients also noted that new accountability procedures and tools had been developed for grants and contributions but felt that no one had reviewed all of the requirements for overall effective accountability. Nevertheless, both program managers and recipients understood the need to account for government funds and agreed that every effort should be made to ensure that funds are used for their intended purposes.

Audits: Over 70 per cent of recipients indicated that audit processes were used to manage the risk for the grants and contributions that they received. Many small non-profit organizations were frustrated with the cost of completing government audits and suggested that more flexible approaches—such as one that would enable organizations to incorporate financial audit into their annual organizational audit—would save money and time.

Summary of Narrative Comments

In addition to ranking and scoring alternatives, recipients and program managers were also asked to provide narrative comments throughout the

consultation workbook. Hundreds of comments were provided for the panel's consideration. The following main themes emerged from these narratives:

- A communications strategy should be developed to promote better understanding of the role that grants and contributions play in our society.
- Considerable resources are wasted on trying to track applications, continuous audits, separate bank accounts and hiring external evaluations without any clarity of rationale.
- The recipients that were consulted tended to view themselves as being in partnership with the government to meet the needs of society. Program managers did not share this view. This relationship requires clarification.
- Program managers believe that they are trying to do their best in a very difficult environment with limited resources.
- If less time were spent on applying for funds and administering projects, more time and money would be available for service delivery and for clients.
- There are some good departmental practices but they are not being fostered across government.

Conclusions

The responses provided in the workbook consultations suggest that the panel should develop recommendations that would encourage the government to:

- undertake a review of the policies and procedures for the distribution of grants and contributions and revise them to support good business practices;
- allow for longer term funding of recipients;
- work with recipients to develop service standards that call for shorter turn around times for the processing of applications and reports;
- build the capacity of recipient organizations so that they can meet the requirements of funders, making better use of umbrella organizations to deliver required training;
- implement consistent reporting processes across departments;
- invest in technologies that will allow recipients to apply for grants and contributions online, draw on previously completed applications for data and information, access transfer payment information through a single window, track applications independently, process reports and meet accountability requirements; and
- ensure leadership at the top that shares best practices and engages the public service and recipients to drive design improvements and implementation.

Appendix 5: Summary of Recent Comments by the Auditor General of Canada

In 2006 the Auditor General of Canada reported the results of her status assessment on the management of grant and contribution programs. These are summarized in this Appendix.

The government has made 'satisfactory progress' in the management of grants and contributions since 2001. Sampled departments (with the exception of Indian and Northern Affairs Canada) had effective controls, adopted risk-based monitoring approaches, improved transparency on application assessments, developed relevant management systems and established training programs for employees.

The *Policy on Transfer Payments* (and guidelines) provides "a basis for effective control," although they require 'refinement' to meet recipient and departmental needs.

However, there is room for improvement. Concerning administrative burdens:

- Departments need to streamline internal procedures.
- Departments, taking into account appropriate risk factors and previous experience with the recipient, should extend the use of multi-year agreements, eliminating the need for recipients to reapply annually for core programs.
- Monitoring and reporting requirements are often redundant. The government should coordinate and implement a single audit process for recipients, similar to the single audit process in the United States.
- Delays in funding decisions/approvals are causing tight timeframes for departments and recipients to operate and use resources prior to the end of a fiscal year and are restricting the ability to plan effectively;
- There are too many programs with similar or overlapping objectives—the government should consolidate within and across departments, similar to the initiative led by the Atlantic Canada Opportunities Agency to consolidate programs in the Maritimes.
- Overall, the Treasury Board of Canada Secretariat and departments need to streamline the management of grants and contributions with respect to application, reporting and audit, while maintaining an appropriate balance between risk and control.

There is a need to streamline the application, reporting and audit requirements for grants and contributions programs while balancing risk, control and accountability. The Treasury Board of Canada Secretariat also needs to enhance monitoring of departmental management practices and facilitate the sharing of best practices on managing grants and contributions via an interdepartmental working group.

Progress in improving the management of grant and contribution programs targeting Aboriginal Canadians and in addressing First Nations issues has been unsatisfactory. In particular, Indian and Northern Affairs Canada needs to implement an automated grant and contribution management system, systematically undertake recipient

eligibility and risk assessment procedures, improve the timeliness of funding decisions and increase training opportunities for its staff.

Successful management of First Nations programs requires sustained management attention; coordination of government programs; meaningful consultation with First Nations; development of First Nations capacity; establishment of First Nations institutions; development of an appropriate legislative base for programs; and consideration of the conflicting roles of Indian and Northern Affairs Canada.

In her consultation with the Blue Ribbon Panel, the Auditor General of Canada suggested the panel focus on a clear path with reasonable deliverables and associated timetable, together with the necessary resources for delivery.

Sources

Office of the Auditor General of Canada, *Management of Voted Grants and Contributions*, Report of the Auditor General of Canada, 2006

Office of the Auditor General of Canada, *Management of Programs for First Nations: 2006 Status Report*, Report of the Auditor General of Canada, 2006

Appendix 6: Highlights of Comments from Members of Parliament

In recent years parliamentary committees have examined aspects of the administration of federal grant and contribution programs. In 2005 the House of Commons Standing Committee on Human Resource, Skills Development, Social Development and the Status of Persons with Disabilities conducted a review of the programming as administered by Human Resources and Skills Development Canada (HRSDC). The Committee concluded that:

- HRSDC failed to engage in meaningful consultation with affected stakeholders regarding the development and implementation of its programs and directives that govern them;
- the strategy to implement new measures did not include adequate transition considerations; and
- the approach taken by HRSDC was counter to the *Voluntary Sector Initiative Accord* and *Code of Good Practice on Funding*, to which the federal government had recently been party.

While the Committee's recommendations were directed to HRSDC, they have more general application. The Committee called for the restoration of "fairness to project selection and monitoring" and to provide "a better balance between financial and results-based accountability" and to reduce "the administrative burden that weighs heavily on many program providers." The recommendations also called on the federal government to:

- enhance the accessibility of information concerning programs and projects being funded, as well as the transparency of the application process (including ranking criteria and decisions not to approve funding);
- adhere to the *Code of Good Practice on Funding* and the *Code of Good Practice on Policy Dialogue*;
- develop standardized, user-friendly application processes that facilitate and streamline monitoring and reporting;
- build capacity, particularly with smaller organizations and communities to better deliver programs—i.e., training and funding;
- ensure that stakeholders are effectively consulted in the drafting of policies and programs, particularly with respect to design and targeted outcomes, results-based accountability measures and evaluation frameworks;
- set service standards ("speed-of-delivery" targets) in consultation with stakeholders that confirm when and how applications for funding will be addressed;
- subject a recipient organization to only one audit per year (single audit requirement);
- adopt risk based approaches for monitoring and auditing contribution agreements, particularly lower-value agreements (e.g., below $500,000);
- use multi-year agreements (three year funding agreements) subject to continuing good performance of the recipient; and
- ensure federal officials receive adequate support to provide stable, high-quality, consistent service to third-party project sponsors—training, staffing and the right skill sets are in place.

Appendix 6

The House of Commons Standing Committee on Public Accounts, in commenting on the Sponsorship program, made several recommendations concerning the management of grants and contributions. Of particular pertinence were:

- that all programs and activities involving grants and contributions be subject to a regular schedule of internal audits by departments and that overall authority for the internal audit function (including policy setting) be assigned to the Comptroller General of Canada;
- that the government continue to restore internal audit functions by ensuring that human, financial and infrastructure (technological) resources are provided to ensure adequate execution of the audit functions;
- that there be mandatory and transparent follow-ups on the results of internal audits within one year;
- that Treasury Board contracting policies ensure that the awarding and management functions of contracts (contribution agreements) be effectively separated within departments and that the Treasury Board of Canada Secretariat monitor and enforce these policies to ensure adherence; and
- that the Treasury Board of Canada Secretariat amend the appropriate policies by the inclusion of a prohibition against issuing payments of grants or contributions in the absence of required supporting documentation.

Sources

An Examination of New Directives Governing Contribution Agreements for Selected Programs Delivered on Behalf of Human Resources and Skills Development Canada, Standing Committee on Human Resource, Skills Development, Social Development and Status of Persons with Disabilities, 2005

Report 9 - Chapter 3, the Sponsorship Program, Chapter 4, Advertising Activities and Chapter 5, Management of Public Opinion Research of the November 2003 Report of the Auditor General of Canada

Appendix 7: Recent Studies on Grants and Contributions

Joint Reports

- Voluntary Sector and Government of Canada, selected reports undertaken as part of the Voluntary Sector Initiative (VSI), including:
  - — *Accord Between the Government of Canada and the Voluntary Sector*, December 2001
  - — *A Code of Good Practice on Funding*, October 2002
  - — *A Code of Good Practice on Policy Dialogue*, October 2002

  http://www.vsi-isbc.ca/eng/policy/ reports.cfm

Reports by Parliamentarians

- House of Commons, Canada, *An Examination of New Directives Governing Contribution Agreements for Selected Programs Delivered on Behalf of Human Resources and Skills Development Canada*, Report of the Standing Committee on Human Resources, Skills Development, Social Development and Status of Persons with Disabilities, May 2005. http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=8982&Lang=1&SourceId=128886

Auditor General of Canada Generic Reports

- Office of the Auditor General of Canada, *Management of Voted Grants and Contributions*, Report of the Auditor General of Canada, 2006. http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20060506ce.html

Voluntary Sector Reports

- Canadian Council on Social Development (Katherine Scott and Deborah Pike), *Funding Matters…For Our Communities: Challenges and Opportunities for Funding Innovation in Canada's Nonprofit and Voluntary Sector*, Phase II: Final Report, June 2005. For the initial full report see, Canada Council on Social Development, *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*, 2003. http://www.vsi-isbc.ca/eng/ funding/fundingmatters/cont.cfm
- Canadian Council on Social Development, *Pan-Canadian Funding Practice in Communities: Challenges and Opportunities for the Government of Canada*, Draft Working Paper, May 20, 2006. http://www.ccsd.ca

Departmental Reports

- Human Resources and Social Development Canada, "Achieving Coherence in Government of Canada Funding Practice in Communities," *Report of the Task Force on Community Investments*, October 2006.
- Government of Canada, *Overcoming Barriers to Science and Technology Collaboration*, March 2006.

Appendix 7

Reports on Aboriginal Programming

- Office of the Auditor General of Canada, *Management of Programs for First Nations: 2006 Status Report*, Report of the Auditor General of Canada, 2006. http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20060505ce.html
- Summary Report, *Technical Session on Improving Federal Horizontal Management (on Aboriginal Programming)*, September 2005.

International Reports

- New Philanthropy Capital (Martin Brookes and John Copps), *A Surer Funding Framework for Improved Public Services*, 2004. http://www.philanthropycapital.org/html/surer_funding.php
- CBI, *A Fair Field and No Favours: Comparative Neutrality in UK Public Services Markets*, January 2006. http://www.tso.co.uk/cbi/bookstore.asp?FO=1153079&Action=SearchResults
- Timothy J. Colan, *Grants Management in the 21st Century: Three Innovative Policy Responses* (IBM Center for the Business of Government, 2005).

Appendix 8: Recommendations of the Task Force on Community Investments

From the October 2006 report, *Achieving Coherence in Government of Canada Funding Practice in Communities*

In early 2005 the federal government created the Task Force on Community Investments within Human Resources and Social Development Canada (formerly Social Development Canada) to examine federal policies and practices relating to the use of transfer payments and the funding of horizontal initiatives in support of community investments. The Task Force is to conclude its work in 2007.

The first report of the Task Force, dealing with existing funding practices and mechanisms, was released in November 2006. This Appendix contains a summary of the recommendations included in that report.

Administrative Changes

Terms and Conditions

1. Developing class (or 'umbrella') terms and conditions for funding programs with similar programming objectives to achieve more consistency in design elements would streamline programming and improve outcome-based investments.

2. Establishing provisions in all terms and conditions—to facilitate: a) experimentation; b) joint collaboration across programs, departments and jurisdictions; c) unique, community-driven initiatives; and d) emerging issues—would provide flexibility, foster interoperability between programs and increase opportunities for community-based responses and innovation.

Risk Assessment

3. Collapsing RBAFs and RMAFs into a single document would enable departments and agencies to streamline their processes and examine risk management strategies in the context of outcome development.

4. Developing RBAF/RMAFs 'in house' though a consultative process involving internal and external stakeholders would promote better departmental understanding of risk factors, mitigation strategies and desired outcomes.

5. Focusing program design, implementation and monitoring on the principle of a risk continuum that takes into account agreement-specific considerations would enable departments to concentrate their resources on transactions with the highest risk and thereby reduce administrative burden within departments and on organizations that are functioning well.

Audit and Evaluation

6. Clarifying the roles and responsibilities for accountability for the external recipient audit function within Government of Canada departments would recognize the importance of the function, clarify processes, reduce burden and increase transparency for departments and recipients alike.

7. Modifying operational practices to clarify that organizations' independent annual financial audit statements are an important and valuable tool — one that: 1) should be used in assessment of applicants financial capacity before a decision to fund; 2) should be included as part of the project financial reporting assessment process, limiting the need for compliance audits; and 3) may be financed through funding agreements — would reduce the assessment burden on departments and recipients.

8. Performing routine random compliance audits of a minimal set percentage of recipient organizations—thereby establishing baseline accountability in program controls and limiting the auditing of other recipients to those identified as high risk—would reduce administrative burden for both departments and organizations while focussing resources on higher risk transactions.

9. Modifying operational practices to clarify that program evaluations are a corporate function—one that is to be financed though the program budgets and accounts for the cost of recipient participation—would clarify the evaluation function and enhance departmental learning and program design.

10. Modifying policy development, program design and evaluation practices to ensure that evaluations measure program-related outcomes as opposed to agreement-specific activities would ensure that departments are measuring the effectiveness of the investments in achieving social outcomes.

Reducing Administrative Burden

11. Implementing flat percentage rates for general and project-specific administrative overhead costs—based on the historical experience of individual programs and the concept of full cost recovery—would remove the need for recipients to submit numerous receipts.

12. Reducing the number of cost categories in funding agreements and permitting recipients to move a fixed percentage between cost categories, without the need for justification or prior departmental approval, would reduce micromanagement and administrative burden, and enhance flexibility for organizations.

13. Negotiating program approval to use unspent funds for activities consistent with the program objectives—following satisfactory completion of the agreement—would encourage efficiencies and leverage committed dollars for enhanced services.

Managing Internal Administrative Costs

14. Developing methodologies to measure internal cost-to-disbursement ratios would help streamline administrative practices in departments and agencies and increase the government's transparency in the monitoring of transaction costs.

Decentralized Decision-Making

15. Accepting as a common management practice to delegate funding decision-making to the lowest practicable level of authority, including regions where appropriate, would foster stronger relationships at the local level and improve timeliness of approvals.

Sustaining Relationships

16. Concluding multi-year funding agreements with recipients (unless clear, documented reasons can be presented to justify the contrary)—subject to annual appropriations by Parliament—would provide stability in the sector and reduce transaction costs for the Government of Canada.

17. Reserving a portion of their annual appropriations for transfer programs to respond to year-to-year opportunities would enable departments to fund community-based innovative projects, emerging issues and strategic development.

18. Developing transition policies for transfer payment programs in the event of termination of funding—ones that include provisions to address: a) staff layoffs (including collective agreement conditions); b) knowledge transfer to other organizations; and c) maintenance of client service—would recognize the costs to communities of government funding changes, and protect client service.

Engagement

19. Instituting an engagement process in departments and agencies with major transfer payment programs that seeks views from both internal and external stakeholders on the full life-cycle of their funding programs—including: a) policy development; b) program design; c) implementation practice; and d) audit and evaluation—would improve program design and implementation practices.

20. Renewing Accord and Codes implementation strategies in all departments with major transfer payment programs or policies related to the community non-profit sector, would improve program design and recognize the importance of the government-sector relationship.

Infrastructure Changes

Improving Design and Delivery of Funding Programs

21. Establishing a government-wide centre of expertise on Funding Practice—one that would a) expand the knowledge base on funding practice; b) facilitate effective program design for transfer payment programs; and c) promote outcomes-based evaluation practices—should focus improvement in government departments' ability to learn, and improve funding program design and practice.

22. Establishing an advisory board for the centre of expertise comprised of a range of Government of Canada funding practitioners, private sector and provincial funders, and community non-profit sector funding recipients should provide a range of expertise to inform the tasks of the Centre.

Training

23. Developing a range of government-wide training programs on the PTP and related funding practices should permit TBS and the Canada School of Public Service to assist departments in maintaining skill levels of program staff in light of frequent staff turn over.

24. Designing these programs to target all implicated public servants—including, but not limited to program officers, comptrollers, audit and evaluation personnel, and senior managers responsible for the administration of transfer payment programs—should increase

understanding and ability to implement good funding program design across all levels of departmental functions.

25. Offering these programs on an ongoing basis, both in the National Capital Region and across Canada, and constantly updating them as policies or practices evolve should develop more coherent and accountable approaches to funding programs.

26. Undertaking ongoing 'in house' training programs within TBS and line departments to ensure that all implicated staff, from bottom to top, are fully versed in departmental policies and practices, with a particular focus on client-based approaches, should improve the ability to design and implement good funding programs.

Continuous Improvement in Relations with the Community Non-Profit Sector

27. Creating a government-wide position of Ombudsman to monitor fairness challenges facing the administration of grants and contributions, and arbitrate grievances that cannot be resolved through the normal funding process should provide greater accountability and transparency, provide opportunities for learning and improve funding practice.

28. Providing Canadians, via Statistics Canada, with regular reporting on the state and nature of the community non-profit sector should build knowledge and awareness of the sector's role and importance.

29. Convening an annual national pan-Canadian roundtable, hosted by the Government of Canada—to include government and sector representatives to discuss issues affecting the community non-profit sector—should help in the sharing of knowledge and information on what is working and what is not.

Strengthening Information Management, Reporting and Accountability

30. Developing a common, government-wide investment management system for all transfer payment programs should provide the Government of Canada with a more coherent picture of its investment practices and encourage greater horizontal programming through engaged IT interoperability.

31. Clarifying with the Office of the Privacy Commissioner the privacy issues related to the sharing of recipient information between departments should ensure that relevant information about investments is available across government in order to promote opportunities for horizontality.

Improving Access to Information on Grants and Contributions

32. Developing a common 'single window' portal on all Government of Canada grants and contributions programs—including: a) opportunities and applications; b) program criteria; c) evaluations; and d) historical funding information—should increase access to information and responsiveness with respect to government funding programs.

33. Using the portal to standardize the application processes across transfer payment programs should reduce the administrative burden for applicants and departments.

34. Using the proposed common portal to educate the public and funding recipients on Government of Canada financial management practices should simplify the application process and increase compliance with reporting standards.

35. Developing a proactive and effective communications strategy to communicate Government of Canada financial management policies to the general public and funding recipients should improve understanding of government requirements and foster greater transparency and accountability.

Policy Changes

Streamlining and harmonizing funding of transfer instruments

36. Restricting the use of grants to their original purpose, as unencumbered (and not auditable) 'gifts of the Crown' could address contemporary expectations with respect to public accountability and transparency.

37. Eliminating the remaining sub-gradations of grants and contributions (conditional grant; contribution to an international organization; contribution; repayable contribution) in favour of a single, adaptable contribution instrument—within which particular program elements are spelled out in the program terms and conditions are based on sound program design, and predicated on a genuine continuum of risk assessment—could simplify funding practices and promote greater accountability and transparency.

38. Clarifying the policy, operational and legal distinctions between transfer payments and contracts, and providing guidance on when a transfer payment should be used versus a contract, could streamline funding practice and ensure greater accountability and transparency.

39. Modifying contracting practices to facilitate access to government procurement by not-for-profit entities could increase opportunities for community non-profit organizations to diversify their revenue base.

Enabling Horizontality

40. Including mandatory harmonized audit provisions in the PTP, enforceable across the Government of Canada, and implementing the necessary information-sharing mechanisms to achieve this requirement could permit TBS to ensure greater audit consistency and coherence across government and reduce duplicative burdens on departments and recipients.

41. Building on the horizontal foundations laid out in this report—e.g., more streamlined funding instruments, class / flexible terms and conditions, centre of expertise and Ombudsman, harmonized audits, etc.—to develop the frameworks, policies and mechanisms to implement true horizontal funding practices (including any necessary legislative amendments to clarify concepts of ministerial accountability) could permit TBS to advance a more holistic, responsive and coordinated approach to community investments.

Source

Task Force on Community Investments Final Report
http://www.hrsdc.gc.ca/en/hip/sd/TaskForce/report.shtml

Appendix 9: Treasury Board Policies Affecting Transfer Payments

What are Treasury Board Policies?

Treasury Board policies set out the governing parameters under which government officials operate and support the adherence to legislation such as the *Financial Administration Act*. They also support consistency in processes and decision making in the delivery of programs. Although policies are usually technical in nature, they should be easily understood by all, including people who are not government officials (e.g., recipients of transfer payments) in order to support consistent and transparent management in the federal government, including the management of risk.

What does the Policy on Transfer Payments do?

The *Policy on Transfer Payments* (PTP) provides the mandatory framework and requirements for the government-wide approach to transfer payment management.

The overall objective of the Policy is to ensure that transfer payments are effectively managed, while serving recipient and stakeholder needs, effectively managing risk and remaining faithful to the government policy objectives underlying the grant or contribution program. The Policy covers the full lifecycle of transfer payment management, including program design, program management and delivery, performance measurement oversight, and reporting.

Key Features of the Current Policy on Transfer Payments (June 2000)

The current *Policy on Transfer Payments*, which came into force in June 2000, brought with it the following significant changes that have been part of the administration of grant and contribution programs for more than five years:

- There was an explicit requirement for a *Risk-based Audit Framework (RBAF)* for each program that would describe how the department would monitor the use of funds and ensure the achievement of results. This reflected the increased emphasis on departmental responsibility for sound management, as well as for financial and administrative practices in transfer payment programs.
- A second requirement was the *Results-based Management and Accountability Framework (RMAF)*. Departments seeking approval of grant and contribution programs are required to provide descriptions of the program, its management and its intended results and also describe the logical connection between the program and the intended policy outcome. The RMAF document sets the stage for the evaluation of the program, and how performance should be measured.
- Every five years or sooner, each transfer payment program must be renewed, i.e., the *Terms and Conditions* of the program would need to be revised, if necessary, and submitted to the Treasury Board for approval.

- As a condition of this program renewal, departments would have to conduct a formal program evaluation that would be provided to the Treasury Board and that would follow the framework set out in the *RMAF*.
- The current Policy asserts as a principle that transfer payment assistance is to be provided only at the minimum level to further the attainment of the stated objectives and expected results.

Recent Work on Improving the Current Policy by the Office of the Comptroller General of Canada (Spring 2006)

Since October 2004, the *Policy on Transfer Payments* policy has been under review as part of the overall Treasury Board Policy Suite Renewal exercise. By the time the Blue Ribbon Panel was formed (June 2006), much study and consultation had already been undertaken by the Office of the Comptroller General of Canada and a number of proposed changes to the current Policy had been discussed and written down in draft form. Some of the proposed changes were as follows:

- ***Horizontal management***: The draft policy acknowledges the need for increased federal collaboration and harmonization as well as horizontal management at the design stage of program development.
- ***Clearer articulation of the roles and responsibilities*** of ministers, deputy heads and other departmental officials, as well as the consequences of non-compliance: Provision for a delegated authority to a minister, granted on a case-by-case basis, to make certain approvals (e.g., renewal of program Terms and Conditions), decisions now reserved for the Treasury Board.
- ***Segmented approach to recipients:*** Draft proposals would see a separate 'directive' for each of the following categories of transfer payment recipient: other level of government; Aboriginal institutions; international organizations; and funding to foundations and endowments (conditional grants). Administrative requirements would be different for each category.
- ***Strengthened control:*** Departments would be required to demonstrate significant internal control and risk management capacities.

Other Related Treasury Board Policies

The Treasury Board is in the midst of an overall policy suite renewal. The *Policy on Transfer Payments* is one of the many policies that form part of the current web-of-rules. The Treasury Board has expressed the intention to rationalize and streamline the existing policies from the some 180 policies to less than 45 in 2007 (see the TBS *Policy Renewal Project* web site at www.tbs-sct.gc.ca/prp-pep).

The following are other key related policies that have the most impact on the management of transfer payments:

Evaluation Policy: This Policy is currently being redrafted and the new policy suite will introduce four different flexible program evaluation approaches tailored to the specific purpose of the evaluation.

- *Strategic policy evaluation:* This type of evaluation constitutes an assessment of the suite of overarching federal programs used to inform Cabinet of large-scale program initiatives.

- *Impact evaluation:* This type of evaluation requires an in-depth assessment of the net effect of a program—i.e., it examines inputs, activities, effectiveness and outcomes.
- *Value-for-money evaluation:* In this type of evaluation the emphasis is placed on service standards and client satisfaction, using a common measurement tool.
- *Implementation evaluation:* This type of evaluation examines and assesses how a program operates.

The *Policy on Transfer Payments* requires that an evaluation, or similar review, be conducted for a grant or contribution program prior to its renewal every five years.

Policy on Internal Audit: This newly approved policy is currently being implemented. It outlines the requirements for departmental internal audits including the audit of the departmental management of grant and contribution programs. This Policy does not cover the audit of recipients, for which guidance is mainly provided through guides in support of the *Policy on Transfer Payments*. It also outlines the roles and responsibilities of departmental internal auditors. The internal audit function provides an independent organizational function that is meant to add value to, and improve, the overall effectiveness and efficiency of departmental operations. Internal audits are to be conducted by a department's Internal Audit group and are submitted to the departmental audit committee. This committee will provide oversight, advice and guidance to deputy heads and fulfils an internal challenge function. The committee will report annually to the deputy head and the Comptroller General of Canada.

Official Languages Policy for Grants and Contributions: This Policy requires that official languages requirements be considered in the delivery of transfer payments in communities with official languages minority groups. Recent amendments to the *Official Languages Act* have strengthened its application.

Management Resources and Results Structure Policy (MRRS): The MRRS Policy "supports the development of a common, government-wide approach to the collection, management, and reporting of financial and non-financial performance information." All departments must have a Treasury Board approved MRRS that provides the basis for reporting to Parliament on the department's resources, program activities and results. The MRRS must be up-to-date and reflect the way the department manages its programs and allocates resources. This Policy is being renewed.

Guidance and Tools

The Treasury Board of Canada Secretariat also issues guidance that can, in certain respects, be considered as forming part of that web-of-rules even though they are not mandatory in application. They provide the guidance and tools that government officials should take into account when carrying out their duties. The following are the main guides that are used in management of transfer payments:

Guide on Grants, Contributions and Other Transfer Payments: This 127-page guide provides best practices and examples on a range of issues in the management of transfer payments. Significant changes to the *Policy on Transfer Payments* would require major revisions to the Guide.

Guide on the Audit of Federal Contributions (Part I and II): The *Policy on Transfer Payments* requires that departments ensure that recipients have complied with the terms of the funding agreement. It encourages the audit of recipients when deemed necessary. Grant and contribution programs and recipients are to be audited based on a *Risk-based Audit Framework (RBAF)*. This 81-page guide is aimed at improving the cost effectiveness of the required audit activity and minimizing the demands placed on recipients of federal contributions. It also serves to clarify the roles, responsibilities and relationships of officials of federal departments.

Various Guides and Tools on Results-based Management and Accountability Framework (RMAF) and Risk-based Audit Framework (RBAF): The *Policy on Transfer Payments* requires the development and use of *RMAFs* and *RBAFs*. These guides provide the details on how to develop these management and oversight tools. The panel has found it difficult to access the multiple documents and tools that are to be used for this purpose. It also found these guides unnecessarily complicated. In all, there are four documents that contain almost 90 pages of instructions.

Appendix 10: Symposium on Partnering for Public Purpose

How Can Governments Achieve Public Objectives Through Financial Support for the Activities of Others?

School of Public Policy and Governance, University of Toronto

November 22, 2006

To advance the impartial and informed deliberation of the panel, the School of Public Policy and Governance at the University of Toronto hosted a one-day symposium in November 2006, which brought together a leading group of commentators with relevant experience and expertise in the design of public policy. There were over 100 participants ranging from academics, researchers and public policy makers to senior federal officials and business-sector representatives.

These commentators addressed the question of how government can best design and administer programs of grants, contributions and other forms of financial support for the activities of others in the pursuit of public objectives. In particular, they considered how the design and implementation of such programs can ensure:

- clarity of objectives;
- accountability for results;
- efficiency in the choice and exercise of policy instruments;
- equity of access to programs of support;
- ease of delivery; and
- effective exploitation of the wide range of expertise, insight and imagination that resides throughout society.

Optimizing the design and delivery of programs in accordance with these principles is no small task. Decision makers must be able to consider a broad range of alternatives and to take some risk in the decisions they make, while respecting the need to account for the appropriateness of their decisions. Since these spending decisions are discretionary and distinct from spending on statutory entitlements, decision m akers potentially have considerable latitude.

Accordingly, participants in the symposium deliberated on how mechanisms of oversight and accountability can take account of the need for discretion and risk-taking in decision making, and innovation in delivery by public officials. The symposium situated these discussions in the context of broader trends, as jurisdictions rethink the respective roles and capacities of their public, private and third sectors in achieving public objectives.

In advance of the symposium, participants received a background paper framing these issues (included as Appendix 12 of this report). The symposium opened with a discussion of these issues alongside the findings of the panel's consultations. The symposium was broken down into two sessions. Each session included presentations from academic, government and media perspectives.

The morning session included a review and critique of current grant and contribution programs, and the choice of the funding model, relative to other potential policy instruments, for the pursuit of these objectives. The afternoon session turned to the design of grant and contribution programs in circumstances in which they are appropriate.

The School of Public Policy and Governance has prepared a report of the symposium. It is available on the Blue Ribbon Panel website at www.brp-gde.ca

Appendix 11: Summary Report on Web Panel Discussions

(October 30 – November 17, 2006)

As part of its program of consultations, the panel arranged for week-long web dialogues with public administration scholars and other experts on three strategic issues. Three animators were invited to kick-off each dialogue by posting a comment, and participants were invited to comment on and debate these postings. The topics and their animators were as follows:

- **Week 1—Exploring Fundamental Premises** (October 30–November 3)
  Animators: Andrew Graham, Susan Phillips, Christian Rouillard
- **Week 2—Leadership and Implementation** (November 6–10)
  Animators: David Good, Ken Rasmussen, Harry Swain
- **Week 3—Preparing for Public Scrutiny** (November 14–17)
  Animators: Jonathan Malloy, John Langford, Graham White

Two facilitators—Patrice Dutil and Evert Lindquist—monitored the discussions and provided mid-week and final summaries for each dialogue. The facilitators also encouraged participants to probe observations or take up new issues and questions. A total of 23 public administration scholars from across Canada participated in the dialogues. This summary report provides an overview of key points that emerged in the dialogues. More detailed summaries of each dialogue can be found on the Blue Ribbon Panel website at www.brp-gde.ca.

Week 1—Exploring Fundamental Premises

Should a new grants and contributions regime have, as a fundamental premise, that government should operate at arm's length from recipients and encourage an efficient but competitive approach to distributing funds? Or should a new regime have as its premise that many external groups will continually receive grants and contributions and therefore focus on how to efficiently allow for renewal of funding and good accountability? Are these approaches inconsistent with each other? Is it possible to imagine developing a grants and contributions regime that embraces both premises and applies them differentially depending on the character of different program areas? What information and reporting would be required from external groups to ensure that sufficient transparency and accountability could be achieved?

Participants quickly agreed that neither premise should guide decisions on grants and contributions or their administration. In some cases, the government should operate at arm's length and at other times it should deal with groups on a repeated or sustained basis, often supporting the development of organizations or communities. This will depend on the sector and the specific objectives of the government.

The very diversity of purposes and circumstances for which different kinds of grants and contributions instruments could be employed

was seen as a problem in itself, one that would require more clarification and better communications. There was discussion about whether new terminology might be developed to capture the diversity and public purpose of grants and contributions.

There was agreement that, while reporting and accountability should be essential features for all awarded grants and contributions, the nature and depth of reporting should depend on the scale and complexity of the supported projects, as well as the track record of recipient organizations. Some participants were intrigued about the possibility of building a certification system that would rate the capabilities of recipient and funding departments to manage grants and contributions, thereby allowing for different levels of oversight. There was agreement that there should be transparent protocols for reporting, including minimum requirements. There was interest in elegant solutions to improve accountability and performance-oriented reporting. One idea was simply to ensure that departments post two-pagers on the goals, amounts, and milestones for grant and contribution awards on their websites.

Finally, participants considered different approaches to leading renewal of the administration of grants and contributions. Ideas included: establishing the equivalent of the UK Compact Commissioner; appointing a federal lead minister, perhaps supported by an advisory board; appointing 'champions' and a DM/ADM committee as a focal point; and better central internal capability to monitor the track record of departments and recipients in handling grants and contributions.

Week 2—Leadership and Implementation

Moving towards a more productive, efficient and accountable grants and contributions regime will require a multi-faceted and multi-year approach, involving many different actors across the federal public service, and dealing with diverse recipient communities. Such an approach would require a mix of executive leadership (i.e., DM champions), central agency capability and frameworks, departments and agency teams, and a variety of pilot projects and seed funding.

Questions considered included the following: What specific ideas might you have for the right kind of executive and central agency leadership? How aggressive should the timelines and reporting be for this initiative? What lessons have been learned from advancing similar government-wide initiatives? What are the prospects for moving forward and making significant improvement in such a controversial area of public management?

This dialogue recognized that, while the focus of the Blue Ribbon Panel was on improving the administration of grants and contributions, political leadership would be necessary to ensure success. Ministers would seek to quickly implement a project when it was considered a priority, but if a project were to have difficulties, they would shift to a control posture. It was also suggested that a streamlined regime could increase the risks for projects overall, which ministers must be prepared to deal with. On the other hand, early and more transparent reporting might identify difficulties earlier in project cycles.

Building on the Week 1 discussion, participants added to the menu of needed leadership capabilities the need for a focussed and capable grant and contribution central office to establish guidelines and identify best practices, and a stronger TBS with a challenge function, complemented by a strengthened audit regime and a focus on bad actors. Discussants agreed with the comment that it was "important to keep a focus on taking out unnecessary red tape and putting in practical reporting" and that a multi-faceted approach would be necessary to secure improvements over the longer term, including clear allocation of responsibilities, best practices, learning opportunities and an early warning system. Discussants also thought that, in some areas peer review models might be productive ways of monitoring grants and contributions, rather than heavy risk assessments and reporting requirements.

However, a tension emerged: while participants strongly believed that the government should aggressively address the deficiencies in the current grant and contribution regime, it was also recognized that improving the administration of grants and contributions would require tailoring across departments and sectors, and longer term changes in administrative practices, systems, and culture. They counselled against erecting an overly elaborate central apparatus for implementing the reform agenda, preferring concrete results for recipients over process, a lead minister and focussed central support to move the agenda forward, and reliance on the deputy ministers and program managers in departments to get the job done.

Week 3—Preparing for Public Scrutiny

A modernized grants and contributions regime, while streamlining and tailoring the approach to approval and monitoring for government agencies and recipients alike, should also strengthen transparency and accountability for funds received from the federal government. This will necessarily involve scrutiny by Parliament and the media. What sort of information should be made available to external groups to hold the government and recipients to account? Are there better ways to provide general information on grants and contributions programs in order to provide some context for interpreting specific grants and contributions? What should be the role of central agencies in ensuring that departments and agencies provide timely information? Should there be a special time set aside in the review of the Estimates to focus exclusively on the management of grants and contributions? What should be the responsibility of recipients to provide timely information on the progress they have made with funds received?

Participants strongly agreed that, while political leadership and engagement on grants and contributions would be desirable, it would be important for the Blue Ribbon Panel to be realistic about the interest of members of Parliament, standing committees, the media and the public in reviewing information on grants and contributions and their incentive to do so. Members of Parliament and journalists have little interest in performance reports and Estimates, but will focus on grants and contributions at the least whiff of controversy.

Regardless of the extent of utilization of such information, participants agreed that reporting

on the use of public funds is a fundamental tenet of democratic governance. It was presumed that recipients of public funds must report on their use in a timely manner, even if the overall requirements for reporting might vary according to size, complexity, sector and track record.

One strand of discussion focussed on whether reporting should be improved with respect to individual subventions or higher levels of aggregation. While participants were attracted to the notion of posting 'two-pagers' on specific grants and contributions on departmental websites, they believed that the best way to evaluate grants and contributions was in the context of broader program goals and outlays administered by departments, and they suggested that reporting might be improved at that level. It was also suggested that this would also provide a good opportunity to showcase and promote best practices.

Participants also considered the larger 'ecology' of actors who deal with grants and contributions, and suggested that accountability and reporting could be reconfigured and improved. For example, could a Senate committee take responsibility for reviewing grants and contributions? Finally, it was suggested that more grants and contributions could be put on a more explicit contractual footing, but there was concern that this could run into the complexities of contracting and procurement regimes, which themselves require a review.

Some General Points to Consider

Generally, the web dialogues agreed that reducing unproductive red tape for administering grants and contributions, and finding practical ways to ensure results and accountability, should be the prime goals animating the Blue Ribbon Panel. There was considerable interest in identifying political leadership and central capabilities in order to foster and secure change in practices in departments that will make a real difference to recipients, public servants, and elected representatives.

While participants called for concerted leadership, they recognized that moving the system as a whole requires culture change in the public service; it requires moving an entire 'ecology' of actors working at different levels and improving policy and other administrative regimes. Improving the administration of grants and contributions over the longer term necessarily broaches Aboriginal policy, the Voluntary Sector Accord, procurement, the Estimates, and the workings of the House of Commons and the Senate, to name only a few factors.

Finally, some examples of practice in other jurisdictions were invoked during the web dialogues. It was apparent that we need to learn more about and draw lessons from how other governments administer and monitor their grants and contributions.

Appendix 12: Partnering for Public Purpose—New Modes of Accountability for New Modes of Governance

A paper prepared for the Symposium on *Partnering for Public Purpose: How Can Governments Ensure Success and Accountability in their Financial Support for the Activities of Others?* School of Public Policy and Governance, University of Toronto, November 22, 2006

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In the world of public policy, as in other walks of life, attempts to address a defined area of concern can quickly open up a broader and deeper set of questions. The Government of Canada is currently commissioning, through an independent panel, a review of a wide range of grants and contributions—in support of infrastructure, university research, arts and cultural activities and other areas—in order to ensure that these programs are consonant with the public interest both in substance and in process. This initiative arises from concerns about 'accountability' in the wake of a scandal surrounding the implementation of a particular program. But it raises fundamental questions about the role of government in the context of evolving ideas about the relationship between the state and civil society.

The Evolving Concept of Governance:

Increasingly, policymakers in Canada and other advanced nations are coming to see the role of government as operating through networks of state and societal actors, rather than as command-and-control hierarchies.[1] In a context in which most policy problems now entail issues that span sectors, jurisdictions and even nations—establishing the conditions for prosperity, sustaining the environment, re-negotiating the inter-generational contract—governments cannot achieve their ends by acting alone. How can governments establish the framework that motivates state and societal actors to engage in collective action to pursue common goals? The traditional exercise of authority through hierarchies is one of a number of types of governance—others may entail greater use of market instruments and/or the exercise of 'leadership'—guiding, negotiating, brokering and facilitating the emergence of consensus.

A related line of thought emphasizes the importance of governance frameworks that tap the wide range of expertise, insight and imagination that resides throughout society, in both the private sector and the so-called 'third' sector of voluntary action. The Economist has recently highlighted this as an emerging 'big idea' in public policy, although its contemporary lineage stretches back at least as far as Harold Macmillan's 'Middle Way' in 1938.

[1] Among numerous sources, see in particular Rhodes (1996), Keohane and Nye (2001), Salamon (2002), Stein (2006)

These new models challenge established concepts of democratic government, with their emphasis on the ultimate exercise of sanction through democratic institutions. Lines of accountability within networks may be multiple, tangled and obscured. The central problems in a networked governance model of the role of government are the location of responsibility order to ensure accountability, and the channeling of the information necessary to hold responsible agents accountable. Networks diffuse responsibility, and complicate the flows of information. New ways of thinking about accountability have led to an increasing focus on attaining measurable results rather than compliance with prescribed procedures. But this shift in focus brings new challenges with it: how to specify desired results in measurable terms—capturing the essential dimensions, avoiding measurements that will inappropriately drive behaviour, discouraging attempts to 'game' the reporting of results, and preserving the leeway for qualitative assessment. These considerations go to the most fundamental elements of democracy. As Melissa Williams put it to the symposium on Partnering for Public Purpose: How can accountability regimes advance—or frustrate—the democratic purposes of public policy?

Enduring Tensions in Public Policy:

Public policy typically involves trade-offs. This is nowhere more true than at the macro-level of the design of governance frameworks and instruments themselves. Two tensions in particular must be taken into account in any consideration of the use and design of grants and contributions;

a. ***Risk avoidance vs flexibility of action and capacity-building:*** Actors who are accountable for what they do naturally seek to avoid mistakes, and to be able to defend themselves against blame when mistakes occur. This desire, on its own, leads them to define and circumscribe responsibility as much as possible, and to avoid unanticipated outcomes. But they also wish to achieve positive results, and to take credit for those results. That desire in turn suggests the need to be flexible enough to take advantage of opportunities as they arise, and to share in the claim for credit when positive results occur. Networks, as noted, are less well-suited than hierarchies to the tight prescription of responsibility and hence of accountability. But they are potentially better suited to flexible adaptation provided that governance mechanisms establish the appropriate incentives.

   A related trade-off concerns risk-avoidance and capacity building. Government grants and contributions should build the capacity of societal actors, and hence strengthen the overall governance framework. The desire to avoid risk, however, can lead to a specification of standard procedures so demanding that complying with them drains rather than reinforces both state and societal capacity. Even worse, such rule-bound systems can overwhelm both state and social partners and therefore both destroy capacity and fail to achieve results. Throughout the consultations conducted by the Blue Ribbon Panel with stakeholders, this has been a constant theme.[2] Participants in the symposium on *Partnering for Public Purpose*, in particular Janice Stein and Peter Warrian, drew attention in strong terms

[2] See, for example, the results of the web-based consultation as reported by Dr. Jan Donio in her presentation to the Symposium on *Partnering for Public Purpose*.

to the stifling of social innovation that has resulted from the elaboration of accountability regimes in Canada.

b. ***Confidence in government vs support for the government of the day:*** Over the past few decades, citizen confidence in government has been declining across advanced industrial nations[3]—in part for the very reasons that have driven increased interest among policy-makers in networked models of governance. If the capacity of the state, acting alone, to respond to social programs is waning, and if new mechanisms of governance have yet to mature, it is not surprising that citizens are skeptical of the ability of governments of any stripe to respond to the compelling questions of the day. In such a context, it is all the more tempting for governmental actors to turn to time-honoured mechanisms for building partisan support through the exercise of governmental largesse on a localized basis. Grants and contribution programs provide an obvious mechanism. More subtly, however, the two ends (confidence in government and support for the governing party) can be almost inextricably interwoven in programs that seek to raise the profile and presence of a given order of government or government department or agency in a particular jurisdiction—especially if the incumbent first Minister, Minister or local representative is prominently identified. Even more problematic was the case that lies behind the current concern with grants and contributions at the federal level in Canada, in which a program ostensibly aimed at building the federal presence in Quebec in an era of high separatist sentiment was distorted in some instances to serve to support the governing federal Liberal party.

These tensions are endemic to public policy in a democracy. They can never be resolved once and for all. The policy problem is to find the appropriate balance in a given political context. As that context varies, the balance will shift. But in so doing it creates its own pressures for re-balancing. Too tight a prescription of eligibility and procedures excludes some actors and paralyzes others; too much flexibility and autonomy means that there will be mistakes and potentially some abuse. Attempting to draw too bright a line between the governmental and political responsibilities of Ministers may create similar problems of exclusion and procedural paralysis; but too fuzzy a line risks calling the integrity of the programs into question. The trick is to keep this shifting balance within a tolerable range that avoids paralysis on the one hand and scandalous error and abuse on the other. That requires cultural attitudes, within the state and society, that incorporate trust and an acceptance of risk.

The Policy Environment:

The inculcation of such cultural attitudes and the fostering of the necessary cultural shift are made much more difficult by the adversarial climate fostered by electoral politics and media strategies, and by the inherent tendency of public opinion to exhibit cycles of attention and concern with particular issues.

a. ***Electoral and parliamentary politics:*** In modern democracies, the ultimate instrument of accountability is the ballot box—and that overarching framework sets

[3] This is one of the key findings of the World Values Survey, which has tracked public opinion in up to 70 nations over time on a number of dimensions, including attitudes toward government. See, for example, Nevitte (1996).

the frame for policy debate and development. At regular intervals, elections offer the entire electorate within a given jurisdiction the opportunity to reward or punish those whom they previously elected to public office and to cast judgment on potential alternatives. This establishes a rhythm or cycle, tied to the timing of elections, that drives the pace and establishes the time horizon for policy-makers. It also creates an ongoing adversarialism, as competing parties seek to position themselves in this context.

In parliamentary democracies like Canada's the legislature is one of the primary arenas in which these partisan contests are played out between elections. On the Westminster model, it is the role of the parliamentary opposition to scrutinize and critique the performance of the government of the day. In particular, this role typically gives rise to a parliamentary game in which the opposition has every incentive to embarrass the incumbent government by focusing on missteps.[4] One of the important rules of this game is party discipline, which offers few opportunities for bipartisanship.

In riding-based legislative systems like Canada's, the members of the legislature play a dual role: as members of the governing or opposition party on the one hand, and as advocates for their local constituents on the other. In that latter role, they may legitimately seek to ensure that the benefits of government programs are fully accessible to eligible constituents, to facilitate that access and to claim credit for success in this regard.[5] There is no bright line between the legitimate performance of this role and the abuse of power for patronage purposes—although there are clearly extremes at which abuses become blatant.

b. ***Cycles of political and public concern—the role of the media:***
Free and thriving media constitute a key pillar of democratic societies, in providing the citizenry with information and diverse perspectives on government action or inaction and on the political process and public policy issues generally. (The extent to which the media indeed constitute a 'fourth estate' of government has been much debated. But just those circumstances that enable the media to perform this role also mean that they themselves exist in highly competitive media markets with their own dynamics of adversarialism.[6]) The rise of new electronic media not only increases the diversity of perspectives but also heightens the competitiveness of media markets. These circumstances have increased the number of 'market stalls' or opportunities to provide information, but they also mean that competitive pressures to reduce production costs often constrain the ability of individual

[4] I am grateful to my colleague Graham White for emphasizing the importance of this dimension of the policy environment in Canada in comments on an earlier draft of this paper.

[5] This point was made eloquently by one of the participants in the symposium on *Partnering for Public Purpose*, Mr. Tim Reid, formerly an MPP in Ontario.

[6] In his presentation to the symposium, Anthony Westell invoked Walter Lippman's eloquent challenge to this view: "The press is no substitute for institutions. It is like the beam of a searchlight that moves restlessly about, bringing one episode and then another out of darkness into vision. Men cannot do the work of the world by this light alone... It is only when they work by a steady light of their own, that the press, when it is turned upon them, reveals a situation intelligible enough for a popular decision." (Lippman, 1922)

reporters to follow particular stories and lines of inquiry in depth. In practice, what has arisen is a symbiotic relationship in which the highlighting of symptoms of potential abuses of government authority in the media trigger official inquiries which then provide fodder for media reports and commentary.[7]

In a classic article, political economist Anthony Downs (1972) traced what he called the 'issue-attention' cycle in public policy. It remains as relevant today as it was when it was written more than three decades ago. Certain problems in society, he said, have three essential characteristics—they affect a minority of the population, they arise from social arrangements that favour influential interests, and they periodically result in dramatic events that galvanize public attention. Such problems are likely to move through a cycle as follows: initial neglect, excited discovery and enthusiasm about finding solutions as a result of a dramatic event, growing recognition of the costs (not only monetary) of addressing the problem, fading of public interest as boredom with media reporting sets in and the media abandon their commentary, and a 'post-problem' phase in which arrangements put in place during the earlier cycles continue to have their (sometimes unanticipated) effects. Downs was writing about environmental issues, but his analysis could equally be applied to cycles of concern with accountability in grants and contribution programs. As various 'scandals' over time have caused the issue to move repeatedly through this cycle, the result has been a layering of accountability requirements.

Instruments of Accountability in Hierarchies, Markets and Networks:

In seeking a more effective approach to accountability in light of all of the above considerations, it is helpful to begin with some basic features of any accountability regime. Whenever an actor (the 'agent') is to act in the interest of another (the 'principal'), the requirement of accountability comes into play. If the principal is to hold the agent accountable, the following conditions be met:

a. ***Identification of the locus and scope of responsibility***: Both parties must know who is accountable to whom, over what range of activity, for what outcome.

b. ***Common expectations:*** The agent must be aware, at least in broad terms, of the preferences of the principal.

c. ***Information:*** The principal must be able to monitor the performance of the agent.

d. ***Sanction:*** The agent must face positive or negative consequences, depending on whether his/her performance is consistent or inconsistent with the preferences of the principal.

There are different mechanisms through which these conditions can be met, which very according to the type of governance framework. Broadly speaking, we can conceive of three ways of governing social relationships:[8]

a. ***Hierarchies*** govern relationships through authority-based *rules and procedures*. In theory,

[7] I owe these points in large part to Anthony Westell and James Travers.

[8] Some excellent contributions to the understanding of accountability within networked governance models are found in the literature of international relations, where the phenomenon is most obvious. One of the best of these is Keohane and Nye (2001), from which several of the concepts in the following discussion are drawn.

rules and job descriptions allow for clear prescriptions of objectives and expected performance, efficient channeling of information, effective sanction through line of command (subordinates can be rewarded or punished—ultimately through dismissal—by superiors. In practice, hierarchies can become rule-bound, large and unwieldy in dealing with complex areas of policy. The need to comply with tight prescriptions of procedures may sap the capacity of both state and societal actors and inhibit innovation.

b. ***Markets*** function through relationships between multiple independent actors who exchange valued things with each other. The primary mechanism of accountability is the *contract*, which either party can exit in favour of an alternative if he/she is dissatisfied. In theory, markets allow flexibility, tailoring of contracts to specific circumstances and expectations, and effective sanction through voluntary exit from the relationship. Information is exchanged through signaling, which in purest form involves price signals. In practice, markets can entail high 'transaction' (information and negotiation) costs on a continual basis and can be volatile. Market-based forms of accountability are most appropriate where expected deliverables are specific and areas of performance are well-bounded.

c. ***Networks*** are grounded in mutual subscription to common values. In theory, networks allow for the development of stable trust-based relationships that reduce 'transaction' costs, are adaptable over time, and map onto the complexity of many policy issues. In practice, as noted above, the location of responsibility can be murky. The primary mechanisms of accountability are *reputational*: because relationships are on-going, participants can either reinforce or undermine their future influence through their reputation for performance. If networks are not to become closed and self-perpetuating, positions of influence within them must be contestable—that is, at least periodically there must be opportunities for new entrants to supplant established participants.

Real-life relationships in the world of public policy are rarely governed by one of these pure models alone. Networks develop within and between hierarchies and markets; market signals trigger responses within hierarchical firms. And underlying all of these mechanisms are two forms of accountability that define the context in which the others operate. The first is *legal* accountability: the 'rules of the game' that establish mutual obligations enforceable through the institution of the courts. The second, pertaining to the world of public policy in democratic regimes, is *electoral* accountability: the requirement that periodically, regardless of the other accountability mechanisms at work, those who hold ultimate authority in the institutions of government be subject a renewal or revocation of their mandate through popular vote.

In thinking about accountability for public policy, then, we need to think about the appropriate *blend* of mechanisms in particular contexts. The rise of 'networked governance' means that we need to re-think the balance among accountability mechanisms, while respecting the fundamental principles of electoral and legal accountability.

A Way Forward

In the face of the deeply entrenched characteristics of the political process discussed earlier, the difficulties of developing a mature understanding of the ethics of democratic accountability cannot be overestimated. Such an understanding requires dialogue and deliberation—among politicians, among and within governmental, private and third sector organizations, and in the media. That policy conversation is essential to bring about the necessary change in institutional incentives and culture. How should we proceed?

The way forward lies in a better understanding of the very model of networked governance that has complicated the exercise of accountability. Can we work through networks to develop a better, more trust-based model of accountability? Networks, indeed, can be powerful instruments of political, social and cultural change. A rich academic literature, including the seminal work of sociologist Mark Granovetter (1974) has explored the potential of networks for information exchange, information and social capacity-building. But networks cannot fully supplant institutions as mechanisms, grounded in social values and persisting over time, for the governance of human interactions. Even if a networked model of accountability can be developed, how can it be incorporated within the institutions of democratic government, particularly within a Westminster parliamentary system with its central focus on ministerial responsibility?

In this exploration and deliberation, the role of the media will be critical. Indeed, in a networked model the media have a particularly important function as mechanisms of accountability. In a trust-based model, as in hierarchies or markets, there will inevitably be errors and failures as well as successes. In complex and diffuse networks, and in the absence of the effective sanction of command or exit from a specific contract relationship, these errors and failures are most likely to be identified through media exposure. Given the importance of reputation within such networks, this sanction is of critical importance But without fundamental change in how these episodes of failure are dealt with, their occurrence will continue to result in the chilling of initiative and paralysis of process through a reactive layering of rules.

Such change will require a cultural shift with a least two elements. First, when the media spotlight sweeps onto a particular instance of 'failure,' there must be a mature capability among all relevant actors, including the electorate, to distinguish between abuses of trust and noble failures in worthy causes. This is a capability that needs to be developed over time, not during particular episodes. To truly fulfil their democratic role, the media need to offer critiques not only of government action or inaction but also of accountability regimes themselves, to the extent that those regimes frustrate the achievement of public purposes. Peter Warrian, in his remarks to the symposium on *Partnering for Public Purpose*, contrasted commentary in the business-oriented media, which tends to laud risk-taking and innovation in the private sector, with that on the 'front page,' which shows little interest in the fostering of social innovation and the public investment of 'social venture capital.' This is a conversation that needs to be fostered if the full potential of social actors is to be developed and tapped. Second, in those episodes, the state must resist the instinct to layer on provisions that might have averted the particular instance of failure—

layers that will simply accumulate and have their stultifying effects long after particular episodes have passed.

These changes can occur only in the context of public debate and deliberation, within the broad networks in which they must be brought about. Given the breadth and 'loose ties' of these networks, they have the capacity to foster just such public conversation. If a more trust-based model of accountability is to be implemented, it will also require the exploitation of information technology in new and creative ways, to provide the flexibility to assess the performance of a wide variety of actors in comprehensible ways.

Making accountability effective: a new conversation

A new, more trust-based and effective model of accountability within networks needs elements that facilitate success as well as ensuring appropriate stewardship of public resources, and might include the following ingredients:

a. ***Facilitating effective action:***

- *A portfolio approach:* Drawing upon and building capacity throughout society to pursue public objectives requires the flexibility to identify and respond to opportunities. That in turn requires risk-taking, and risk-taking means the ability to tolerate some failures. A focus on strict accountability in for success in each individual instance will lead to a very risk-averse and inflexible approach to investment in social projects. But a focus on the entire portfolio of activity will encourage some risk-taking, in order to increase the return to the portfolio as a whole. It is also consistent with electoral accountability: governments ultimately seek a renewal of their mandates based on their record of performance regarding their overall policy portfolios. That record will include the behaviour of individual ministers; and failing to sanction a minister who has clearly failed to deliver on his or her portfolio should factor into the electoral judgment on the party in power.

  This is a matter not of jettisoning fundamentals of democratic parliamentary government, but rather of framing the terms of debate. The opposition will continue to hold the government to account for episodes of failure. But the government in turn can legitimately demonstrate its record of performance within the relevant portfolio of activities to situate its response to opposition challenges.

- *Longer-term perspectives:* Individual episodes of success or failure in meeting the public objectives will have reputational consequences for those involved, and will affect their future prospects for good or ill. But if the potential for creativity in society is to be tapped and fostered, it is the record of performance over time that should be judged. The appropriate time frame will vary for different programs of activity. Longer-term perspectives can also reduce the requirement for frequent detailed reporting that saps the capacity of social groups and organizations, especially those of small scale. Such time-frames may not accord well with electoral cycles; therefore other elements of the accountability framework need to provide stability through those cycles.

- *Mutually-agreed methods to assess performance:* Information about performance is essential

to an effective accountability regime. The definition of expected performance, and the appropriate indicators of performance will vary depending on the nature of the activity, and should be mutually agreed at the outset. More nuanced measures of performance require input from those closest to the activity in question. Longer-term relationships allow not only for an assessment of performance based on a record of activity, but also for the development of the culture of trust necessary to facilitate these mutual agreements. Given the need to report on performance in terms that respect the reality of the electoral process, the measures should include appropriate intermediate milestones of progress.

- *'Peer review:'* Non-standardized mechanisms of assessment are onerous for any single body to administer. But groups of peers can make judgments about such performance. Procedures for funding university-based research, arts councils and other bodies such as Ontario's Trillium Foundation present well-established models in this regard. Reliance on peer panels can displace assessment and enforcement costs onto recipient communities themselves; but longer time-frames for assessment of each case can reduce the annual administrative burden. In addition, in sectors where there are a large number of relatively small-scale recipients and/or a diversity in the scale of recipients, intermediate non-governmental bodies can play a key role in this respect.[9]

b. ***Ensuring openness:*** Network-based models of accountability can be effective only to the extent that the networks themselves do not become closed. The following measures are necessary safeguards in that respect:

- *Public reporting:* A move to longer time-frames for assessment, tailored performance measures and peer review has many merits, but it raises the danger that networks will become closed and opaque to public view. Annual public reporting by assessment panels and responsible government officials, within a portfolio approach, is essential to address these potential problems.

- *Contestability:* Public reporting alone is not a sufficient safeguard against the closure of networks. There must be regular opportunities for networks to be permeated by new entrants, through periodic (at least annual) competitions for entry, with published success rates.

- *Audit:* Finally, none of the above measures, alone or in combination, does away with the need for audit. What is required, however, is an understanding of audit that is in keeping with an accountability regime based on the above principles. Audits themselves need to be scrutinized, by media and others, to ensure that the processes followed are not inhibiting the pursuit of the very purposes of public programs. Relatively small numbers of random audits involving site visits by small teams including peers and public officials, as part of the on-going peer review process, are one possibility deserving of consideration.[10]

[9] For example, the Council of Ontario Universities, a voluntary association, conducts regular audits of the processes Ontario universities use to approve and periodically review undergraduate programs. The audit ensures that universities have quality control measures in place, but does not review and approve undergraduate programs themselves; and it forms an important part of the regulatory framework for Ontario universities.

[10] See Bevan (2006) for a discussion of the potential of face-to-face random audits.

In the evolving understanding of accountability within networks, and in the experience of those who are wrestling with these issues in their daily professional lives, lie the seeds of a new approach to state-society partnerships for public purpose. The appointment of the Blue Ribbon Panel, and the approach that it has taken in its deliberations, are welcome signals that such a conversation is well underway.

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Appendix 13: Blue Ribbon Panel Secretariat and External Advisors

Support from the Treasury Board of Canada Secretariat

The panel was supported by Blue Ribbon Panel Secretariat, headed by Executive Director Pierre Marin, within the Treasury Board of Canada Secretariat. The Executive Director was assisted by Sylvie George, Jeff Johnson, Elizabeth Logue, Kathy Tsui and Gillian Bryenton-Davey. In addition, the panel benefited from the advice of Jamshed Merchant, Assistant Secretary of Climate Change and Sustainable Development, who chaired the Assistant Deputy Minister committee on grants and contributions, and Rob Fonberg, Senior Associate Secretary of the Treasury Board, who chaired a comparable committee of deputy ministers. John Morgan, Assistant Comptroller General of Canada and Ken Cochrane, Chief Information Officer, provided valuable advice at several of the panel's deliberations. Finally, Hubert Seguin broke new ground in the extraction and analysis of information on federal grant and contribution programs, and his statistical analysis provided an essential foundation for the panel's work.

External Advisors

Professor David Good of the University of Victoria acted as research director for the panel and Professor Evert Lindquist, also of the University of Victoria, coordinated the web discussion among leading Canadian public administration scholars. Professor Carolyn Tuohy organized the Symposium at the University of Toronto and contributed the background paper included in Appendix 12. Dr. Jan Donio, Executive Director of Information and Corporate Services at the Council of Ontario Universities, oversaw the web-based consultation with recipients and program administrators, with the assistance of Tom Wainas at Decosta Inc. The panel received communications advice from Gary Breen and David Lockhart, and a great deal of help in analysis and drafting from Len Endemann and Jim Mitchell of Sussex Circle. Finally, there were the many, many people who provided advice to the panel through the web consultation, face-to-face meetings and email exchanges too numerous to list individually. Ryan/Smith Design Associates Inc. provided the design and final editing of the report.

The panel would like to thank all of these people for their support and advice.

Appendix 14: Federal Grants and Contributions

Largest Thirty Grant and Contribution Programs (2004–05)[11]

Program Name	Department	Amount[12] (millions)
1. Employment Insurance Part II – including Employment Benefits and Support Measures	Human Resources and Social Development Canada	$2,074.1
2. Disability and Death Pensions	Veterans Affairs Canada	1,583.1
3. Education	Indian and Northern Affairs Canada	1,353.3
4. Social Development	Indian and Northern Affairs Canada	1,212.2
5. Business Risk Management—Agriculture Policy Framework (S)	Agriculture and Agri-Food Canada	1,207.5
6. Capital Facilities and Maintenance	Indian and Northern Affairs Canada	930.0
7. Farm Income Class Grant Payments (S)	Agriculture and Agri-Food Canada	896.9
8. Geographic International Development Assistance	Canadian International Development Agency	770.6
9. Research and Scholarships	Natural Sciences and Engineering Research Council of Canada	745.3
10. Research in support of creation and translation of new knowledge in health	Canadian Institutes of Health Research	686.6
11. Multilateral Development Assistance to International Institutions and Organizations	Canadian International Development Agency	551.6
12. Canadian Labour Market Employment Program	Human Resources and Social Development Canada	470.2
13. Payments in Lieu of Taxes to Municipalities and other taxing authorities (S)	Public Works and Government Services Canada	453.1
14. Payments to trustees of Registered Education Savings Plans	Human Resources and Social Development Canada	426.0
15. Programming against hunger, malnutrition and disease	Canadian International Development Agency	367.4
16. Integrated Health Care Services—First Nations and Inuit	Health Canada	320.7
17. Technology Partnerships Canada Program	Industry Canada	304.0
18. International Financial Organizations (S)	Department of Finance Canada	292.4
19. Geographic International Development Assistance	Canadian International Development Agency	285.8
20. Multilateral Development Assistance to International Financial Institutions	Canadian International Development Agency	265.7
21. General Research Program	Social Science and Humanities Research Council of Canada	244.5
22. Veterans Independence Program	Veterans Affairs Canada	230.7
23. Research and Scholarships	Social Science and Humanities Research Council of Canada	221.2
24. International Humanitarian Assistance	Canadian International Development Agency	220.4
25. Labour Market Agreement—Assistance to persons with disabilities	Human Resources and Social Development Canada	211.8
26. Primary Care Transition Fund	Health Canada	210.8
27. Indian Government Support	Indian and Northern Affairs Canada	209.3
28. Direct Student Financing (S)	Human Resources and Social Development Canada	206.1
29. Control and Provision of Health Services for Indian bands, associations and groups	Health Canada	205.2
30. Official Languages Communities Program	Canadian Heritage	204.7
Total		**$17,361.2**
Percentage of total grant and contribution program universe under review by the Panel		**64.6%**

(S) = Denotes statutory program

[11] By department; data provided by the Treasury Board of Canada Secretariat

[12] As per the 2004–05 Public Accounts of Canada

Grant and Contribution Programs By Portfolio for 2004–05

Department	Total Payments in 2004–05[13] (millions)	% of Total	Total number of programs	% of Total
1. Indian and Northern Affairs Canada	$4,933.6	18.30%	61	7.89%
2. Human Resources and Skills Development Canada	3,503.3	12.99%	29	3.75%
3. Canadian International Development Agency	2,971.4	11.02%	29	3.75%
4. Agriculture and Agri-Food Canada	2,686.3	9.96%	32	4.14%
5. Veterans Affairs Canada	1,863.1	6.91%	16	2.07%
6. Health Canada	1,497.5	5.55%	54	6.99%
7. Canadian Heritage	997.9	3.70%	69	8.93%
8. Industry Canada	905.5	3.36%	28	3.62%
9. Natural Sciences and Engineering Research Council of Canada	766.2	2.84%	3	0.39%
10. Canadian Institutes of Health Research	704.7	2.61%	3	0.39%
11. Natural Resources Canada	684.6	2.54%	61	7.89%
12. Social Sciences and Humanities Research Council of Canada	497.0	1.84%	3	0.39%
13. Foreign Affairs Canada	487.2	1.81%	73	9.44%
14. Department of Finance Canada	453.4	1.68%	7	0.91%
15. Transport Canada	420.3	1.56%	53	6.86%
16. Citizenship and Immigration Canada	386.5	1.43%	9	1.16%
17. Department of Justice Canada	376.5	1.40%	31	4.01%
18. Atlantic Canada Opportunities Agency	363.4	1.35%	11	1.42%
19. Canada Revenue Agency	286.9	1.06%	3	0.39%
20. Economic Development Agency of Canada for Quebec	286.4	1.06%	7	0.91%
21. Social Development Canada	270.0	1.00%	4	0.52%
22. Western Economic Development Canada	266.2	0.99%	5	0.65%
23. Public Safety and Emergency Preparedness Canada	221.0	0.82%	10	1.29%
24. Infrastructure Canada	199.4	0.74%	5	0.65%
25. Environment Canada	171.2	0.63%	29	3.75%
26. National Defence	152.3	0.56%	27	3.49%
27. National Research Council Canada	135.6	0.50%	8	1.03%
28. Fisheries and Oceans Canada	95.0	0.35%	24	3.10%
29. Canadian Food Inspection Agency	73.4	0.27%	6	0.78%
30. Chief Electoral Officer of Canada	65.5	0.24%	2	0.26%
31. Royal Canadian Mounted Police	64.6	0.24%	8	1.03%

[13] As per the 2004–05 Public Accounts of Canada

Grant and Contribution Programs By Portfolio for 2004–05 (continued)

Department	Total Payments in 2004–05[15] (millions)	% of Total	Total number of programs[2]	% of Total
32. International Trade Canada	60.9	0.23%	5	0.65%
33. Canadian Space Agency	49.0	0.18%	4	0.52%
34. Public Service Human Resources Management Agency of Canada	16.1	0.06%	1	0.13%
35. Canada Firearms Centre	12.6	0.05%	1	0.13%
36. Status of Women Canada	10.8	0.04%	1	0.13%
37. Parks Canada	4.7	0.02%	4	0.52%
38. Privy Council Office	4.6	0.02%	5	0.65%
39. Indian Residential Schools Resolution Canada	4.4	0.02%	1	0.13%
40. Correctional Service Canada	3.1	0.01%	6	0.78%
41. Library and Archives Canada	3.1	0.01%	6	0.78%
42. House of Commons	1.6	0.01%	1	0.13%
43. Canadian Environmental Assessment Agency	.9	0.00%	3	0.39%
44. Treasury Board of Canada Secretariat	.6	0.00%	4	0.52%
45. Public Works and Government Services Canada	.6	0.00%	3	0.39%
46. Statistics Canada	.6	0.00%	1	0.13%
47. Senate of Canada	.5	0.00%	2	0.26%
48. Auditor General of Canada	.4	0.00%	1	0.13%
49. Information Commissioner of Canada	.4	0.00%	1	0.13%
50. Governor General of Canada	.3	0.00%	1	0.13%
51. National Film Board of Canada	.3	0.00%	2	0.26%
52. Canadian Nuclear Safety Commission	.2	0.00%	8	1.03%
53. Canada School of Public Service	.2	0.00%	1	0.13%
54. Canadian Polar Commission	.0	0.00%	1	0.13%
Total	**$26,961.7**	**100%**	**773**	**100%**

A Complete List of Federal Grants and Contributions for 2004–05

(data provided by the Treasury Board of Canada Secretariat, drawn from the Public Accounts)

Agriculture and Agri-Food Canada	$
(S) Contributions In Support Of Business Risk Management Programs Under The Agricultural Policy Framework	1,207,459,626
(S) Class Grant Payments For The Farm Income Payment.	896,860,000
(S) Class Contribution Payments For Repositioning Of The Canadian Beef And Cattle Industry	131,206,129
(S) Payments In Connection With The *Farm Income Protection Act* Province-Based Programs	108,722,559
(S) Class Contribution Payments For The Farm Income Payment	94,640,000
Contributions To Provide Farm Income Assistance To The Agricultural Community	54,124,000
Contributions Under The Prairie Grain Roads Program	35,136,913
Contributions For Agriculture And Agri-Food Sector Assistance Environment	32,428,032
Grants To Organizations To Facilitate Adaptation And Rural Development Within The Agriculture And Agri-Food Sector	27,300,001
(S) Contributions For Agriculture And Agri-Food Sector Assistance International	18,312,300
(S) Payments In Connection With The *Agricultural Marketing Programs Act*	13,834,819
Contributions In Support Of Business Risk Management Programs Under The Agricultural Policy Framework Spring Credit Advance Program	10,762,009
(S) Contributions For Agriculture And Agri-Food Sector Assistance International	8,346,600
(S) Payments In Connection With The *Farm Income Protection Act* Quebec Gross Revenue Insurance Conditional Remission Order	7,829,090
(S) Contributions For Agricultural Risk Management Spring Credit Advance Program Business Risk Management	6,174,427
Contributions For Agriculture And Agri-Food Sector Assistance Renewal And Science And Innovation	5,634,670
Contributions Towards The Implementation Of The Climate Change Action Plan 2000	5,063,332
Contributions For Agriculture And Agri-Food Sector Assistance Food Safety And Food Quality	4,525,836
Contributions Towards The Control Of The Plum Pox Virus	4,039,000
Contributions In Support Of Assistance To Rural Canada And Development In The Area Of Co-operatives Framework	3,759,898
Contribution To The Protein, Oil And Starch (POS) Pilot Plant Corporation	1,710,000
(S) Contributions In Support Of The Bovine Spongiform Encephalopathy (BSE) Recovery Program	1,645,202
Contributions To Facilitate Adaptation And Rural Development Within The Agriculture And And Agri-Food Sector	1,582,446
(S) Loan Guarantees Under The *Farm Improvement And Marketing Cooperatives Loans Act*	1,226,355
Contributions In Support Of Non-Business Risk Management Programs Under The Agricultural Policy Framework Tracking And Tracing Initiative	1,200,000
Agricultural Research In Universities And Other Scientific Organizations In Canada	909,818
Contributions In Support Of Organizations Associated With Agricultural Research And Development	697,500
Contributions Under The Career Focus Program Youth Employment Strategy	544,648
Contributions To Facilitate Adaptation And Rural Development Within The Agriculture And And Agri-Food Sector	448,918

Contributions In Support Of Business Risk Management Programs Under The Agricultural Policy Framework Private Sector Risk Management Partnership	71,230
Grants To Organizations To Facilitate Adaptation And Rural Development Within The Agriculture And Agri-Food Sector	48,669
Grants To Organizations Whose Activities Support Soil And Water Conservation And Development	38,000
Total	**2,686,282,027**

Canadian International Development Agency	**$**
Contributions Geographic Programs Development Assistance, Including Payments For Loan Agreements Issued Under The Authority Of Previous Appropriation Acts, To All Levels Of Developing Country And Territories Governments, Including Their Institutions, Organizations And Agencies, And Contributions To Canadian, Other Donor Country, International And Regional Institutions, Organizations And Agencies, To All Levels Of Other Donor Country Government And Provincial Governments, Their Institutions, Organizations And Agencies, And To Private-Sector Firms In Support Of Regional And Country-Specific Development Assistance Projects, Programs And Activities, And To Persons Capable Of Delivering Aid Activities Or Actively Engaged In Development Issues	770,642,923
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	551,593,565
Programming Against Hunger, Malnutrition And Disease Through International Development, Research And Nutrition Institutions; Canadian, International And Local Non-Governmental Organizations; The International Development Research Centre; Developing Countries, Their Institutions, Their Organizations And Their Agencies In Such Countries For The Benefit Of Recipients In Developing Countries	367,366,305
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	285,793,241
(S) Encashment Of Notes Issued To The Development Assistance Funds Of The International Financial Institutions In Accordance With The *International Development (Financial Institutions) Assistance Act*	265,692,404
Humanitarian Assistance Or Disaster Preparedness To Countries, Their Institutions, Organizations And Agencies And Persons In Such Countries, And To International Institutions And Canadian And International Non-Governmental Organizations For Operations, Programs, Projects, Activities And Appeals	220,376,246
Contributions To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	189,955,863
Programming Against Hunger, Malnutrition And Disease Through International Development, Research And Nutrition Institutions; Canadian, International And Local Non-Governmental Organizations; Canadian Individuals And Private-Sector Firms, The International Development Research Centre; Developing Countries, Their Institutions, Organizations, Agencies And Persons In Such Countries For The Benefit Of Recipients In Developing Countries	115,717,244
Contributions For Cooperation With Countries In Transition In Central And Eastern Europe And The Former Soviet Union	73,370,412
Incentives To Canadian, International And Developing Country Private-Sector Firms, Investors, Institutions, Organizations And Governments In Support Of Industrial Cooperation, Programs, Projects And Activities	36,379,129
Grants To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	28,310,064

Humanitarian Assistance Or Disaster Preparedness To Countries, Their Institutions, Organizations And Agencies And Persons In Such Countries, And To International Institutions And Canadian And International Non-Governmental Organizations For Operations, Programs, Projects, Activities And Appeals	13,094,050
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	13,060,000
Development Assistance As Education And Training For Individuals	8,046,381
Contributions To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	4,937,638
Humanitarian Assistance Or Disaster Preparedness To Countries, Their Institutions, Organizations And Agencies And Persons In Such Countries, And To International Institutions And Canadian And International Non-Governmental Organizations For Operations, Programs, Projects, Activities And Appeals	4,750,000
Humanitarian Assistance Or Disaster Preparedness To Countries, Their Institutions, Organizations And Agencies And Persons In Such Countries, And To International Institutions And Canadian And International Non-Governmental Organizations For Operations, Programs, Projects, Activities And Appeals	4,475,000
Contributions To Canadian Or International Communications Organizations, Other Federal, Provincial Or Municipal Governments, Broadcasters And Producers, Other Donor Country Governments And Institutions, Organizations And Agencies, And Persons In Support Of The Development Information Program Involving The Production And Dissemination Of Development Information, Educational Materials And Related Activities	4,322,608
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	2,512,112
Programming Against Hunger, Malnutrition And Disease Through International Development, Research And Nutrition Institutions; Canadian, International And Local Non-Governmental Organizations; The International Development Research Centre; Developing Countries, Their Institutions, Their Organizations And Their Agencies In Such Countries For The Benefit Of Recipients In Developing Countries	1,700,000
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	1,615,752
Grants To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	1,610,481
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	1,495,000
Contributions To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	1,311,000
Contribution To The Inter-American Development Bank	1,138,508
Development Assistance To International Development, Institutions And Organizations For Operations, Programs And Projects, And To International Financial Institutions	800,000
Incentives To Canadian, International And Developing Country Private Investors, Institutions, Organizations, And Governments In Support Of Industrial Cooperation Programs, Projects And Activities	750,000

Contributions To Canadian, International, Regional And Developing Country Institutions, Organizations And Agencies, Developing Country Governments, Their Institutions, Organizations And Agencies, To Provincial And Municipal Governments, Their Institutions, Organizations And Agencies In Support Of Development Cooperation And Development Education Programs And To International Non-Governmental Organizations In Support Of Development Assistance Programs, Projects And Activities	610,437
Contributions For Cooperation With Countries In Transition In Central And Eastern Europe And The Former Soviet Union	3,000
Total	**2,971,429,363**

Foreign Affairs Canada	**$**
United Nations Peacekeeping Operations (US$79,606,932)	126,713,199
United Nations Organization (US$54,137,811)	71,173,313
Grant To The Forum Of Federations To Enhance Learning And Exchanges On The Values And Possibilities Of Federalism In Canada And Abroad	20,000,000
North Atlantic Treaty Organisation Civil Administration (11,791,400 Euro)	17,047,650
World Health Organization (US$11,883,454)	14,883,072
Grants In Aid Of Academic Relations	13,950,664
Agency For Intergovernmental Francophonie (7,842,339 Euro)	12,438,801
Food And Agriculture Organization (US$11,206,800)	12,389,820
Organization Of American States (US$9,227,100)	11,951,782
United Nations Educational, Scientific And Cultural Organization (US$8,704,700)	11,312,346
International Atomic Energy Agency (US$7,236,000)	11,298,738
Organisation For Economic Co-operation And Development (7,025,487 Euro)	10,703,550
International Labour Organization (US$7,334,822)	10,632,807
Grants In Aid Of Cultural Relations	10,229,771
Grants In Lieu Of Taxes On Diplomatic, Consular And International Organizations' Property In Canada In Accordance With Terms And Conditions Approved By The Governor In Council	9,865,875
Peacebuilding And Human Security Program	9,778,432
Dismantlement Of Nuclear Submarines	9,457,695
Radiological And Nuclear Security	9,000,000
Projects And Development Activities Resulting From Francophonie Summits	7,500,000
World Trade Organization (6,164,062 Swiss Francs)	6,797,404
Youth International Internship Program	6,465,234
Organization For Security And Co-operation In Europe (11,741,560 Euro)	6,396,176
International Criminal Court	6,329,142
Commonwealth Secretariat (2,322,666 Pounds Sterling)	5,538,231
Grant To The International Centre For Human Rights And Democratic Development	4,873,104

Contributions For Initiatives Related To The Destruction, Disposition Or Securing Of Weapons Of Mass Destruction	4,326,558
Inter-American Institute For Cooperation On Agriculture (US$3,400,073)	4,226,291
Comprehensive Nuclear-Test-Ban Treaty Organization (US$2,655,860)	3,750,089
Grants In Support Of Activities Related To Mine Action And Explosive Remnants Of War	3,427,603
Organisation For The Prohibition Of Chemical Weapons (1,892,625 Euro)	3,365,054
Canadian Landmine Fund	2,730,201
International Environmental Agreements	2,512,956
Contributions For Canada's Clean Development Mechanism And Joint Implementation Office	2,439,150
United Nations International Drug Control Program	2,000,000
International Civil Aviation Organization (US$1,464,527)	1,786,604
Contributions For Asia–Pacific Initiatives	1,676,263
Commonwealth Youth Program (703,536 Pounds Sterling)	1,673,079
Commonwealth Foundation (640,307 Pounds Sterling)	1,539,817
Roosevelt Campobello International Park Commission (US$896,000)	1,153,280
Permanent Secretariat Of The United Nations Convention On Biological Diversity	1,039,320
Northern Dimension Of Canada's Foreign Policy	972,119
United Nations Voluntary Fund For The Environment	925,000
International Energy Agency (591,721 Euro)	884,314
International Tribunal Of The Law Of The Sea	877,680
Inter-American Drug Abuse Control Commission	872,100
Peace Implementation Council (738,200 Euro)	824,450
Activities Of The International French-Speaking Community	760,702
Support Of Foreign Policy Consultation, Research And Outreach	644,959
Nuclear Energy Agency Of The Organisation For Economic Co-operation And Development (291,896 Euro)	574,199
Contribution To The *Maison Des Étudiants Canadiens*	500,000
Support Of Canadian Interests Abroad	497,102
World Intellectual Property Organization (455,790 Swiss Francs)	473,520
World Customs Organization (261,943 Euro)	452,793
Asia–Pacific Economic Cooperation Secretariat (US$348,900)	426,077
International Seabed Authority	425,147
International Maritime Organization (202,600 Pounds Sterling)	422,650
International Climate Change Class Contribution Program	420,000
Contributions Under The G8 Global Partnership Program For The Destruction, Disposal Or Securing Of Weapons And Materials Of Mass Destruction In The Russian Federation And Other Countries Of The Former Soviet Union In The Following Areas Of Activity: The Destruction Of Chemical Weapons	370,410

Canadian Education Centres	325,500
Organisation For Economic Co-operation And Development Centre For Education And Research (151,055 Euro)	227,000
Canadian Foundation For The Americas	200,000
(S) Payments Under The *Diplomatic Service (Special) Superannuation Act*	155,466
Non-Proliferation, Arms Control And Disarmament (US$408,474)	122,701
Secrétariat Technique Permanent Des Conférences Ministérielles De L'éducation, De La Jeunesse Et Des Sports Des Pays D'expression Française (30,939,895 Cfa)	89,842
International Social Service Canada	80,000
Wassenaar Arrangement (39,864 Euro)	68,867
United Nations Voluntary Fund For Victims Of Torture	60,000
Permanent Court Of Arbitration (32,920 Euro)	49,172
International Commodity Organizations (22,995 Euro)	38,865
United Nations Fund For Indigenous Populations	30,000
Foreign Service Community Association	20,000
Royal Commonwealth Society Of Canada	20,000
International Humanitarian Fact-Finding Commission (10,711 Euro)	15,006
Total	**487,198,712**

Environment Canada	**$**
(S) Grant To Support The Canada Foundation For Sustainable Development Technology	100,000,000
Contributions To Support Environmental And Sustainable Development Initiatives	13,191,952
Habitat Stewardship Contribution Program	10,162,782
Contributions To Support Environmental And Sustainable Development Initiatives	7,524,599
Contributions For The Environmental Clean-Up Of The Sydney Tar Ponds And Coke Oven Sites In The Muggah Creek Watershed	5,616,026
Contribution For Canada's Share Of The Commission For Environmental Cooperation (CEC) Budget	3,872,400
Ecoaction 2000 Community Funding Initiative	3,405,964
Climate Change Action Fund (CCAF)	3,222,268
Contributions To Support Environmental Research And Development	2,440,338
Contributions To Support Environmental Research And Development	2,307,133
Contributions To Support Canada's International Commitments	2,173,738
Contributions For The Science Horizons Youth Internship And The International Environmental Youth Corp Programs	2,140,885
Contributions To Support Environmental And Sustainable Development Initiatives	1,834,717
Ecoaction 2000 Community Funding Initiative	1,795,741
Contribution To The Wildlife Habitat Canada Foundation	1,746,667

Contributions To Support Canada's International Commitments	1,466,379
Contributions To Support Canada's International Commitments	1,443,418
Contributions To Support Environmental Research And Development	1,391,548
Grants For The Implementation Of The Montreal Protocol On Substances That Deplete The Ozone Layer	1,230,532
Contributions To Support Environmental Research And Development	1,085,041
Contributions For The Science Horizons Youth Internship And The International Environmental Youth Corp Programs	864,315
Contribution Multilateral Fund Of The Montreal Protocol	730,693
Contributions To Support Canada's International Commitments	585,737
Contributions To Support Environmental And Sustainable Development Projects	323,262
Climate Change Action Fund (CCAF)	299,538
Contributions For The Science Horizons Youth Internship And The International Environmental Youth Corp Programs	177,281
Grants To Support Environmental Research And Development	79,000
Ecoaction 2000 Community Funding Initiative	75,000
Grants To Support Environmental Research And Development	16,923
Total	**171,203,877**

Department of Justice Canada	**$**
Contributions Law And Policy Contributions To The Provinces And Territories In Support Of The Youth Justice Services	188,652,100
Contribution To The Provinces To Assist In The Operation Of Legal Aid Systems	124,713,507
Contributions Under The Child-Centred Family Justice Fund	15,774,968
Contributions Under The Aboriginal Justice Strategy Fund	7,041,464
Contributions In Support Of The Youth Justice Renewal Fund	7,034,631
Contribution To The Province Of British Columbia For The Air India Trial	6,000,000
Contributions For Access To Justice Services To The Territories (Being Legal Aid, Aboriginal Courtwork, And Public Legal Education And Information Services)	4,970,593
Contributions To The Provinces Under The Aboriginal Courtwork Program	4,836,363
Contributions To Support The Implementation Of Official Languages Requirements Under The *Contraventions Act*	3,106,445
Contributions Under The Access To Justice In Both Official Languages Support Fund	2,899,410
Contributions Under The Justice Partnership And Innovation Fund	2,778,728
Contributions To The Provinces And Territories In Support Of The Youth Justice Services Intensive Rehabilitative Custody And Supervision Program	1,944,150
Grants In Support Of The Youth Justice Renewal Fund	1,801,582
Contributions For The Victims Of Crime Initiative	1,295,814
Contributions In Support Of Legal Aid Pilot Projects	1,165,987
Contributions In Support Of Federal Court-Ordered Counsel	724,538

Grants To Individuals, Non-Profit Professional Organizations, Societies Or Associations, Other Non-Profit Organizations And Institutions For Activities In Support Of The Victims Of Crime Initiative	307,507
Contributions In Support Of Public Security And Antiterrorism Legal Aid	300,000
National Judicial Institute	268,345
Contributions In Support Of Federal Court-Ordered Counsel Unique Legal Aid Cases	250,000
Grants In Support Of The Justice Partnership And Innovation Fund	231,500
Canadian Association Of Provincial Court Judges	100,000
Grants In Support Of The Aboriginal Justice Strategy	100,000
Grants Under The Access To Justice In Both Official Languages Support Fund	82,602
Canadian Society For Forensic Science	38,600
Canadian Human Rights Foundation	26,600
Department of Justice Canada Grants Law And Policy Uniform Law Conference Of Canada Administration Grant	18,170
Canadian Association Of Chiefs Of Police For The Law Amendments Committee	12,274
Grants In Support Of The Child-Centred Family Justice Fund	10,000
Hague Academy Of International Law	8,620
British Institute Of International And Comparative Law	7,220
Total	**376,501,718**

Human Resources And Skills Development Canada	**$**
Employment Insurance Part II – Including Employment Benefits And Support Measures	2,074,125,000
Payments To Provinces, Territories, Municipalities, Other Public Bodies, Organizations, Groups, Communities, Employers And Individuals For The Provision Of Training And/Or Work Experience, The Mobilization Of Community Resources, And Human Resources Planning And Adjustment Measures Necessary For The Efficient Functioning Of The Canadian Labour Market	470,194,272
(S) Grants To The Trustees Of Registered Education Savings Plans (RESPs) For The Benefit Of Beneficiaries Named Under Those RESPs, Pursuant To The Canada Education Savings Grant Regulations Of The *Department Of Human Resources Development Act*	425,971,304
(S) Payments Related To The Direct Financing Arrangement Under The *Canada Student Financial Assistance Act*	206,117,162
Homelessness Contributions To Not-For-Profit Organizations, Individuals, Municipal Governments, Band/Tribal Councils And Other Aboriginal Organizations, Public Health And Educational Institutions, *Régies Régionales*, For-Profit Enterprises, Research Organizations And Research Institutes To Support Activities To Help Alleviate And Prevent Homelessness Across Canada And To Carry Out Research On Homelessness To Help Communities Better Understand And More Effectively Address Homelessness Issues	95,813,736
(S) The Provision Of Funds For Interest And Other Payments To Lending Institutions And Liabilities Under The *Canada Student Financial Assistance Act*	86,008,421
(S) Canada Study Grants To Qualifying Full And Part-Time Students Pursuant To The *Canada Student Financial Assistance Regulations*	64,446,518
Grants To Voluntary Sectors, Professional Organizations, Universities And Post-Secondary Institutions And To Provincial And Territorial Governments For Literacy	26,425,021

Toronto Waterfront Revitalization Initiative	15,588,910
Payments To Provinces, Territories, Municipalities, Other Public Bodies, Organizations, Groups, Communities, Employers And Individuals For The Provision Of Training And/Or Work Experience, The Mobilization Of Community Resources, And Human Resources Planning And Adjustment Measures Necessary For The Efficient Functioning Of The Canadian Labour Market	15,396,900
Contributions To Organizations To Support The Development Of Human Resources, Economic Growth, Job Creation And Retention In Official Language Minority Communities	7,003,387
Learning Payments To Provinces, Territories, Municipalities, Other Public Bodies, Organizations, Groups, Communities, Employers And Individuals For The Provision Of Training And/Or Work Experience, The Mobilization Of Community Resources, And Human Resources Planning And Adjustment Measures Necessary For The Efficient Functioning Of The Canadian Labour Market	5,706,633
Contributions To Voluntary Sectors, Professional Organizations, Universities And Post-Secondary Institutions And To Provincial And Territorial Governments For Literacy	3,720,923
Policy, Program And Service Delivery Support Payments To Provinces, Territories, Municipalities, Other Public Bodies, Organizations, Groups, Communities, Employers And Individuals For The Provision Of Training And/Or Work Experience, The Mobilization Of Community Resources, And Human Resources Planning And Adjustment Measures Necessary For The Efficient Functioning Of The Canadian Labour Market	1,967,906
Contributions To Sector Councils, Cross-Sectorial Councils, National Consortia, Provincial/Territorial Governments, Municipal Governments, Not-For-Profit Organizations, Professional Associations, Industry Groups, Unions, Regulatory Bodies, Public Health Institutions, School Boards, Universities, Colleges, CEGEPs, And Ad Hoc Associations To Support The Development And The Improvement Of Foreign Credential Assessment And Recognition Processes And Tools	1,400,904
Grants To International Labour Institutions For Addressing The Labour Dimension Of Globalization	852,250
Labour-Management Partnerships Program	701,005
Grants To International And Domestic Organizations For Technical Assistance And International Cooperation On Labour Issues	653,910
Grants To Not-For-Profit Organizations, Individuals, Municipal Governments, Band/Tribal Councils And Other Aboriginal Organizations, Public Health And Educational Institutions, *Régies Régionales*, For-Profit Enterprises, Research Organizations And Research Institutes To Carry Out Research On Homelessness To Help Communities Better Understand And More Effectively Address Homelessness Issues	600,099
(S) The Provision Of Funds For Interest Payments To Lending Institutions Under The *Canada Student Loans Act*	207,854
Named Grants For The Organisation For Economic Co-Operation And Development	191,124
(S) Civil Service Insurance Actuarial Liability Adjustment	115,297
Grants To Individuals, Organizations And Corporations To Assist Individuals To Improve Their Employability And To Promote Employment Opportunities By Assisting Local Entrepreneurial Development	90,850
Fire Prevention Canada	19,000
To Support Activities That Contribute To Occupational Safety And Health Program Objectives	15,000
To Support Standards-Writing Associations	12,000
Canadian Joint Fire Prevention Publicity Committee	7,000
(S) Payments Of Compensation Respecting Government Employees And Merchant Seamen	3,065
(S) Labour Adjustment Benefits In Accordance With The Terms And Conditions Prescribed By The Governor In Council To Assist Workers Who Have Been Laid Off As A Result Of Import Competition, Industrial Restructuring, Or Severe Economic Disruption In An Industry Or Region	819
Total	**3,503,356,270**

National Defence	$
NATO Military Budgets And Agencies	81,039,748
NATO Infrastructure Capital Expenditures	44,564,148
(S) Payments Under The *Supplementary Retirement Benefits Act*	8,091,464
Generate Forces Canadian International Peacekeeping Centre	3,043,829
Provincial And Territorial New Initiatives Fund	2,957,981
Contributions Conduct Operations Contribution To The Civil Air Search And Rescue Association	2,380,398
Military Training Assistance Program	2,182,443
Security And Defence Forum	1,999,284
(S) Payments Under Parts I-IV Of The *Defence Services Pension Continuation Act*	1,842,382
Sustain Forces Contributions To Provinces And Municipalities For Capital Assistance Projects	1,209,376
Generate Forces Institute Of Environment Monitoring And Research	1,125,000
Corporate Policy And Strategy Air Cadet League Of Canada	330,000
Army Cadet League Of Canada	330,000
Navy League Of Canada	330,000
Contribution To The International Maritime Satellite Organization	224,266
NATO Mutual Aid	121,677
Corporate Policy And Strategy Biological And Chemical Defence Review Committee	100,000
(S) National Defence Grants Sustain Forces (S) Payments To Dependants Of Certain Members Of The Royal Canadian Air Force Killed While Serving As Instructors Under The British Commonwealth Air Training Plan	90,076
United Nations Standby Forces High Readiness Brigade	83,072
Conference Of Defence Associations	75,000
NATO Allied Command Rapid Reaction Corps Headquarters	66,025
Centre For Conflict Studies	60,000
Canadian Institute Of International Affairs	40,000
Reaction Force Air Staff	26,417
Civil Pensions And Annuities: Mr. R. P. Thompson	14,266
Royal Canadian Navy Benevolent Fund	10,285
Royal Canadian Air Force Benevolent Fund	8,358
Total	**152,345,495**

Veterans Affairs Canada	$
Pensions For Disability And Death, Including Pensions Granted Under The Authority Of The Civilian Government Employees (War) Compensation Order, PC45/8848 Of November 22, 1944, Which Shall Be Subject To The *Pension Act*; For Compensation For Former Prisoners Of War Under The *Pension Act*, And Newfoundland Special Awards	1,583,102,057
Contributions Benefits And Services Contributions To Veterans, Under The Veterans Independence Program, To Assist In Defraying Costs Of Extended Health Care Not Covered By Provincial Health Programs	230,716,068
War Veterans Allowances And Civilian War Allowances	22,776,440
Last Post Fund	10,600,000
Other Benefits: Commonwealth War Graves Commission	9,113,872
Contributions Under The Partnerships Contribution Program, To Organizations, Institutions And Other Levels Of Government, In Support Of Projects Related To The Health And Well-Being Of The Veteran Population, And Commemoration Activities And Events	2,294,126
Veterans Affairs Canada Veterans Affairs Program Grants Benefits And Services Treatment And Related Allowances	1,539,289
Assistance In Accordance With The Provisions Of The Assistance Fund Regulations	624,666
Payments Under The *Flying Accidents Compensation Regulations*	621,537
Children Of Deceased Veterans Education Assistance	600,036
Assistance To Canadian Veterans Overseas District	525,494
Juno Beach Centre Association	340,000
(S) Veterans Insurance Actuarial Liability Adjustment	172,545
Payments Of Gallantry Awards	42,144
United Nations Memorial Cemetery In Korea	7,018
Canadian Veterans Association Of The United Kingdom	1,000
Total	**1,863,076,292**

Health Canada	$
Contributions For Integrated Indian And Inuit Community-Based Health Care Services	320,706,399
Contributions For The Primary Health Care Transition Fund	210,819,580
Payment To Indian Bands, Associations Or Groups For The Control And Provision Of Health Services	205,239,519
Contributions To Indian Bands, Indian And Inuit Associations Or Groups Or Local Governments And The Territorial Governments For Non-Insured Health Services	129,948,573
(S) Grant To Canada Health Infoway Inc. To Accelerate The Development Of Electronic Health Records, Common Information Technology Standards Across The Country And The Further Applications Of Telehealth Applications	100,000,000
Contributions To Non-Profit Community Organizations To Support, On A Long-Term Basis, The Development And Provision Of Preventative And Early Intervention Services Aimed At Addressing The Health And Developmental Problems Experienced By Young Children At Risk In Canada	84,295,086
Payments To Provinces And Territories To Improve Access To Health Care And Treatment Services To Persons Infected With Hepatitis C Through The Blood System	50,100,000
Contributions On Behalf Of, Or To, Indians Or Inuit Towards The Cost Of Construction, Extension Or Renovation Of Hospitals And Other Health Care Delivery Facilities And Institutions, As Well As Of Hospital And Health Care Equipment	47,744,331

Contribution Towards The Aboriginal Head Start On-Reserve Program	37,555,749
Contribution To The Province Of Ontario For The Construction Of The Meno-Ya-Win Health Centre	37,400,000
Contributions For First Nations And Inuit Health Promotion And Prevention Projects And For Developmental Projects To Support First Nations And Inuit Control Of Health Services	29,022,973
Contributions To Incorporated Local Or Regional Non-Profit Aboriginal Organizations And Institutions For The Purpose Of Developing Early Intervention Programs For Aboriginal Pre-School Children And Their Families	28,636,061
Contributions To Persons And Agencies To Support Health Promotion Projects In The Areas Of Community Health, Resource Development, Training And Skill Development, And Research	27,109,657
Contribution Towards The Canadian Strategy On HIV/AIDS	19,509,530
Contributions In Support Of The Federal Tobacco Control Strategy	16,433,242
Health Care Strategies Policy, Federal/Provincial/Territorial Partnerships Grant Program	16,360,829
Contribution Program To Improve Access To Health Services For Official Language Minority Communities	14,800,000
Payments To Provinces And Territories, And To National Non-Profit Organizations To Support The Development Of Innovative Alcohol And Drug Treatment And Rehabilitation Programs	14,166,515
Health Care Strategies And Policy Contribution Program	9,437,630
Contributions To Support Pilot Projects To Assess Options For Transferring The Non-Insured Health Benefits Program To First Nations And Inuit Control	8,149,167
Grant To The Canadian Patient Safety Institute	8,000,000
Primary Health Care Transition Fund	7,033,211
Grants To Persons And Agencies To Support Health Promotion Projects In The Areas Of Community Health, Resource Development, Training And Skills Development, And Research	6,899,079
Grant For The Yukon Health Supplement To The 2003 First Ministers' Accord	6,666,666
Grant For The Northwest Territories Health Supplement To The 2003 First Ministers' Accord	6,666,666
Grant For The Nunavut Health Supplement To The 2003 First Ministers' Accord	6,666,666
Contributions To Indian And Inuit Associations Or Groups For Consultations On Indian And Inuit Health	5,441,304
Grant To The Canadian Blood Services: Blood Safety And Effectiveness, And Research And Development	5,000,000
Grant To The Health Council Of Canada	4,724,038
Contributions For Integrated Indian And Inuit Community-Based Health Care Services	4,279,476
Grant To The National Cancer Institute Of Canada For The Canadian Breast Cancer Research Initiative	3,000,000
Health Policy Research Program	2,944,885
Contributions To Universities, Colleges And Other Organizations To Increase The Participation Of Indian And Inuit Students In Academic Programs Leading To Professional Health Careers	2,911,176
Drug Strategy Community Initiative Fund	2,695,958
Women's Health Contributions Program	2,667,463
Contributions In Support Of The Canadian Centre For Substance Abuse	2,407,590
Contribution To The Canadian Institute For Health Information	2,230,000
Contributions To Canadian Blood Services And/Or Other Designated Transfusion/Transplantation Centres To Support Adverse Event Surveillance Activities	1,731,100
Grants To Eligible Non-Profit International Organizations In Support Of Their Projects Or Programs On Health	1,609,857

Contributions On Behalf Of, Or To, Indians Or Inuit Towards The Cost Of Construction, Extension Or Renovation Of Hospitals And Other Health Care Delivery Facilities And Institutions, As Well As Of Hospital And Health Care Equipment	1,279,401
Indian Residential School Mental Health Support Contribution Program	933,620
Grants To Medical Marijuana Research Program	856,598
Contributions To The Government Of Newfoundland And Labrador Towards The Cost Of Health Care Delivery To Indian And Inuit Communities	582,939
Grant To Eligible Non-Profit International Organizations In Support Of Their Projects Or Programs On Health	500,000
Contributions For First Nations And Inuit Health Promotion And Prevention Projects, And For Developmental Projects To Support First Nations And Inuit Control Of Health Services	477,715
Natural Health Products Research Contribution	399,929
Grants Towards The Canadian Strategy On HIV/AIDS	297,628
Contributions To Persons And Agencies To Support Activities Of National Importance For The Improvement Of Health Services And In Support Of Research And Demonstrations In The Field Of Public Health	294,000
Natural Health Products Research Grant	273,250
Health Canada Post-Doctoral Fellowship Program	234,454
Payments To The Aboriginal Health Institute/Centre For The Advancement Of Aboriginal Peoples' Health	195,600
World Health Organization	100,000
Contributions To Persons And Agencies To Support Activities Of National Importance For The Improvement Of Health Services And In Support Of Research And Demonstrations In The Field Of Public Health	35,000
International Commission On Radiological Protection	5,000
Total	**1,497,475,110**

Privy Council Office	**$**
Urban Aboriginal Strategy	3,003,448
Contributions Privy Council Office Federal Interlocutor's Contribution Program	1,093,019
Commissions Of Inquiry, Task Forces And Others Commission Of Inquiry Into The Actions Of Canadian Officials In Relation To Maher Arar: Funding For Parties And Interveners	326,623
Commission Of Inquiry Into The Sponsorship Program And Advertising Activities: Funding For Parties And Interveners	129,583
Privy Council Office Grants Privy Council Office Institute Of Intergovernmental Affairs, Queen's University	53,000
Total	**4,605,673**

Natural Sciences and Engineering Research Council of Canada	**$**
Natural Sciences And Engineering Research Council Grants Support Of Research And Scholarship Grants And Scholarships	745,340,030
Canada Graduate Scholarships	15,867,024
Perimeter Institute	5,000,000
Total	**766,207,054**

Royal Canadian Mounted Police	$
Royal Canadian Mounted Police Grants Corporate Infrastructure To Compensate Members Of The Royal Canadian Mounted Police For Injuries Received In The Performance Of Duty	39,086,915
(S) Pensions Under The *Royal Canadian Mounted Police Pensions Continuation Act*	23,620,217
Payments, In The Nature Of Workers' Compensation, To Survivors Of Members Of The Royal Canadian Mounted Police Killed While On Duty	1,436,401
Contributions National Police Services Contributions To Non-Royal Canadian Mounted Police Candidates Attending Canadian Police College Courses	319,365
Pensions To Families Of Members Of The Royal Canadian Mounted Police Who Have Lost Their Lives While On Duty	65,112
Corporate Infrastructure Contributions To Non-Royal Canadian Mounted Police Candidates Attending Canadian Police College Courses	23,594
Royal Canadian Mounted Police Veterans' Association	1,900
International Association Of Chiefs Of Police	1,900
Total	**64,555,404**

Industry Canada	$
Contributions Under The Technology Partnerships Canada Program	304,035,964
Contributions Under The Infrastructure Canada Program	150,242,711
(S) Liabilities Under The *Canada Small Business Financing Act*	77,604,111
Contributions Under The Softwood Industry And Community Economic Adjustment Initiative	66,537,194
Industry Sector Development Grant To Genome Canada	60,000,000
Contributions Under The Aboriginal Business Canada Program	38,055,187
Contributions Under The Northern Ontario Development Fund	37,655,170
Contributions Under The Community Access Program	32,848,816
Industry Sector Development Contributions Under The Community Futures Program	24,261,512
Contributions Under The Broadband For Rural And Northern Development Pilot Program (Brand)	20,968,516
Contributions Under The SchoolNet Program	19,737,625
(S) Liabilities Under The *Small Business Loans Act*	11,130,556
Grant To The Medical And Related Sciences Discovery District	10,000,000
Contributions Under The Structured Financing Facilities	9,454,817
Contributions Under The Canadian Apparel And Textiles Industries Program	8,466,189
(S) Liabilities The For The Statutory Loan Guarantee Payments Under The *Department Of Industry Act*	7,046,713
Grant To The International Telecommunications Union (ITU), Geneva, Switzerland	6,706,501
Contributions Under The Economic Development In Eastern Ontario Program	5,600,000
Contributions Under The Smart Communities Program	2,900,000

Contributions Under The Student Connections Program	2,863,289
Contributions Under The Early Adopters Program	2,811,282
Contributions For The Economic Development Of The Official Language Minority Communities	2,475,136
Marketplace Rules And Services Contributions To Various Organizations Working In The Consumer Interest	1,661,365
Industry Canada Grants Micro-Economic Policy Grant To The Canada–Israel Industrial Research And Development Foundation	1,000,000
Contributions Under The Language Industries Initiative	896,177
Contributions Micro-Economic Policy Contribution To The Internal Trade Secretariat	364,889
Contributions Under The Supply Chain Management Pilot Project	82,805
Marketplace Rules And Services Grant To The Radio Advisory Board Of Canada	60,000
Total	**905,466,525**

Transport Canada	**$**
Strategic Highway Infrastructure Program: Highway Component	182,728,141
(S) Northumberland Strait Crossing Subsidy Payment	51,779,182
Airports Capital Assistance Program	24,386,092
Grant To The Province of British Columbia In Respect Of The Provision of Ferry And Coastal Freight And Passenger Services	24,343,159
Port Divestiture Fund	17,839,772
Contributions Policy Contributions For Non-Via Rail Passenger Services: Contribution Program For Operating, Capital And Start-Up Funding Requirements For Regional And Remote Passenger Rail Services	15,138,002
Border Crossing	14,406,640
Payment To The Canadian Wheat Board For The Acquisition And Leasing Of Hopper Cars For The Transportation Of Grain In Western Canada	12,309,376
Contributions For Ferry And Coastal Passenger And Freight Services	9,244,359
Payment To Ridley Terminals Incorporated Operating	9,214,937
Contribution To The Greater Toronto Airports Authority For The Air-Rail Link	9,051,646
Marine Security Contribution Program	8,250,000
Payments in Support Of Crossing Improvements Approved Under *The Railway Safety Act*	7,340,000
Outaouais Road Development Agreement	6,490,210
Action Plan 2000 For Climate Change: Urban Showcase	3,320,030
(S) Payments To The Canadian National Railway Company In Respect Of The Termination Of The Collection Of Tolls On The Victoria Bridge, Montreal, And For Rehabilitation Work On The Roadway Portion Of The Bridge	3,018,337
Contributions For The Operation Of Municipal Or Other Airports: Original Program	2,379,100
Intelligent Transportation Systems	1,779,161

Contribution To The Thompson Regional Airport Authority For The Cost Associated With The Rehabilitation Of Runways	1,745,002
Quebec North Shore And Labrador Railway	1,600,000
Contributions To Provinces Toward Highway Improvements To Enhance Overall Efficiency And Promote Safety While Encouraging, From A Regional Economic Perspective, Industrial Development And Tourism: New Brunswick	1,546,403
Ontario	1,090,670
Freight Initiatives	890,956
Newfoundland And Labrador Construct Runways And Related Facilities In Labrador (Davis Inlet, Charlottetown Square Island, Black Tickle, Paradise River, Fogo Island, Fox Harbour, Cartwright, Makkovik, Mary's Harbour, Nain, Rigolet, Port Hope Simpson, Postville, Hopedale And Williams Harbour)	889,426
Allowances To Former Employees Of Newfoundland Railways, Steamships And Telecommunications Services Transferred To Canadian National Railways	839,007
Quebec	722,820
Contribution To The Comox Valley Airport Commission For The Construction Of Airside Infrastructure	664,874
Moving On Sustainable Transportation	658,251
Ontario Northland Transportation Commission	625,000
Contribution To Canadian National Railways Towards The Quebec Bridge Restoration Program	600,000
Climate Change: Emission Reduction Package Non-Roads Freight Initiatives	525,923
Algoma Central Railway Inc.	525,000
Alberta	498,660
Contribution To Ville De Rimouski For Infrastructure Projects At Rimouski Airport	443,700
British Columbia	377,960
Nova Scotia	303,240
Strategic Highway Infrastructure Program: Border Crossing Transportation Initiatives	290,622
Saskatchewan	283,120
Manitoba	268,750
Contributions To The Railway Association Of Canada For Operation Lifesaver	250,000
Contribution To The Province Of Prince Edward Island For Policing Services In Respect Of The Confederation Bridge	234,000
New Brunswick	217,020
Contribution To The Canadian Red Cross Society In Respect Of Its Boating Safety Program	192,000
National Safety Code: Newfoundland And Labrador	176,790
Contributions For Transportation Skills Development	150,000
Prince Edward Island	148,050
Transportation Association Of Canada	142,485

Yukon	127,930
Grant To Close Grade Crossings	100,000
05/23 Of The Thompson Airport	67,336
Nunavut	50,000
Contribution To The University Of British Columbia For Research Related To The Social And Environmental Cost Of Transportation	50,000
Contributions To The Canadian Transportation Research Forum	12,000
Total	**420,325,139**

National Research Council Canada	$
Support For Innovation And The National Science And Technology Infrastructure Contributions To Canadian Firms To Develop, Adapt And Exploit Technology	65,410,178
Universities Of Alberta, British Columbia, Simon Fraser And Victoria In Support Of The TRIUMF Project	40,000,000
Contributions To Organizations To Provide Technological And Research Assistance To Canadian Industry	18,195,808
National Science Foundation Of The United States In Support Of The Construction And Operation Of The Gemini Telescopes	6,238,877
Contributions Research And Technology Innovation Canada's Share Of The Costs Of The Canada-France-Hawaii Telescope Corporation	3,591,565
Program Management International Affiliations	954,517
Particle Physics And Astronomy Research Council Of The United Kingdom In Support Of The James Clerk Maxwell Telescope	938,166
Program To Increase Canadian Science And Technology Capacity	304,250
Total	**135,633,361**

Social Development Canada	$
Other Transfer Payments Social Partnerships Payments To Provinces And Territories Under The Multilateral Framework For Labour Market Agreements For Persons With Disabilities	211,751,610
Social Partnerships Payments To Provinces, Territories, Municipalities, Other Public Bodies, Organizations, Groups, Communities, Employers And Individuals For The Provision Of Training And/Or Work Or Business Experience, The Mobilization Of Community Resources, And Human Resources Planning And Adjustment Measures Necessary For The Social Development Of Canadian And Other Participants In Canadian Life	43,634,507
Social Partnerships Grants To Non-Profit Organizations For Activities Eligible For Support Through The Social Development Partnerships Program	9,652,909
Payments To Community Organizations And Other Eligible Recipients For Delivery Of The New Horizons For Seniors Program	4,997,915
Total	**270,036,941**

National Film Board of Canada	$
To Support Non-Profit Organizations Engaged In Film Training Programs And To Participate In The Promotion Of Canadian Cinematography	285,023
Grants In Support Of Significant Film Events Of National And/Or International Interest Held In Canada, As Determined By The Board Of Trustees	10,000
Total	**295,023**

Natural Resources Canada	$
(S) Payments To The Newfoundland Offshore Petroleum Resource Revenue Fund (S)	175,013,592
(S) Newfoundland Fiscal Equalization Offset Payments	129,342,100
(S) Canada Foundation For Sustainable Development Technology	100,000,000
(S) Payments To The Nova Scotia Offshore Revenues Account	80,377,897
In Support Of Energy Efficiency And Alternative Energy Programs	41,581,223
Contributions In Support Of The Ethanol Expansion Program	31,159,694
Contribution In Support Of Action Plan 2000 On Climate Change	25,245,575
Assistance To The Canadian Softwood Lumber Sector	18,955,738
Grants In Support Of The EnerGuide For Houses Retrofit Incentive	10,864,279
Climate Change Action Fund	8,552,238
Contributions In Support Of Carbon Dioxide Capture And Storage Projects	7,500,000
Wind Power Production Incentive	5,463,066
Contributions In Support Of Forest 2020/Green Cover	4,417,064
Model Forest Program	4,068,592
Mountain Pine Beetle	3,528,407
Contribution To Forintek Canada Corporation	3,053,200
Contribution To The First Nations Forestry Program	2,910,414
Geoconnections Implementation Fund Program	2,830,932
Contributions In Support Of The Technology And Innovation Initiative	2,804,147
(S) Contribution To The Canada/Newfoundland Offshore Petroleum Board	2,264,833
Contributions Information Dissemination And Consensus Building In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	2,134,339
In Support Of Industrial Energy Research And Development Programs To Effect Research And To Increase The Efficiency Of The Use Of Energy	2,032,293
Model Forest Program	1,940,756
Forest Engineering Research Institute Of Canada	1,889,000
Contribution In Support Of Action Plan 2000 On Climate Change Saskpower	1,814,382

Contribution In Support Of Aboriginal Consultations	1,130,000
Economic And Social Benefits In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	1,094,108
(S) In Support Of Infrastructure Costs Directly Or Indirectly Relating To The Exploration, Development, Production Or Transportation Of Oil And Gas In The Offshore Area Of Newfoundland	1,022,608
Contributions In Support Of The Petroleum Technology Research Centre	1,000,000
(S) Contribution To The Canada/Nova Scotia Offshore Petroleum Board	996,045
Contribution To The National Community Tree Foundation	904,650
In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	821,362
Climate Change Action Fund	704,040
Model Forest Program	702,000
(S) In Support Of Infrastructural Costs Directly Or Indirectly Relating To The Exploration, Development, Production Or Transportation Of Oil And Gas In The Offshore Area Of Nova Scotia	699,379
Contribution To The First Nations Forestry Program	573,100
Sound Departmental Management Youth Employment Strategy	568,500
Contribution In Support Of Action Plan 2000 On Climate Change	530,000
Geoconnections Implementation Fund Program	472,800
Grant To Professors At Canadian Universities For Research Related To Forest Sector Sustainability And Competitiveness	464,600
Contribution To The City Of Calgary In Support Of The Production Of Electricity From Renewable Energy Sources	386,250
Environmental Protection And Mitigation Contribution To The International Energy Agency	380,391
Contribution In Support Of Action Plan 2000 On Climate Change	380,371
Saskatchewan Forest Centre	365,000
Contributions In Support Of The Technology And Innovation Initiative	352,500
Natural Resources Canada Grants Information Dissemination And Consensus Building In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	229,500
Forest 2020/Green Cover	221,000
In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	220,000
Contribution To The International Energy Agency/Forest Energy Agreement	124,304
Contributions In Support Of International Reporting Obligations On The Forest Sector	95,000
Safety And Security Of Canadians In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	91,670
In Support Of Electricity Distributors To Promote The Sale Of Electricity From Emerging Renewable Energy Sources	86,610
Environmental Protection And Mitigation In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	68,437
Contributions In Support Of The Technology And Innovation Initiative	65,000

Contribution To The International Energy Agency	16,010
Grant In Support Of Clean-Up Of Low-Level Radiation Waste In The Port Hope Area	12,500
Hibernia Interest Assistance	12,285
Contributions In Support Of International Reporting Obligations On The Forest Sector	10,000
Ocean Drilling Program	10,000
Economic And Social Benefits In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	5,000
Sound Departmental Management In Support Of Organizations Associated With The Research, Development, Management And Promotion Of Activities That Contribute To Departmental Objectives	2,500
Total	**684,561,281**

Indian Affairs and Northern Development Canada	**$**
Education	1,353,299,464
Social Development	1,212,178,027
Capital Facilities And Maintenance	930,042,870
Indian Government Support	209,306,008
Grants To Indian Bands To Settle Specific Claims	174,946,263
(S) Grants To Aboriginal Organizations Designated To Receive Claim Settlement Payments Under Comprehensive Land Claim Settlement Acts	144,064,674
Payments Totalling $3,590,562,000 To Support Indians, Inuit And Innu For The Purpose Of Supplying Public Services In Areas Such As Economic Development, Education, Social Development, Capital Facilities And Maintenance, And Indian Government Support: Economic Development	127,567,503
Grants To Indian Bands, Their District Councils And Inuit Settlements To Support Their Administration	126,843,591
Contribution To The Province Of Quebec, In Respect Of Cree And Inuit Education As Described In The James Bay And Northern Quebec Agreement	88,622,318
Grants To The Beneficiaries Or Implementing Bodies Of Comprehensive Land Claim Agreements Or Comprehensive Land Claim Settlements	87,014,497
Contributions For The Purpose Of Consultation And Policy Development	46,540,726
Contributions To Individuals, Organizations And Other Levels Of Government For The Purpose Of Promoting The Safe Development, Use, Conservation And Protection Of The North's Natural Resources	42,958,645
Northern Affairs Contributions To The Government Of The Northwest Territories And The Government Of Nunavut For Health Care Of Indians And Inuit	42,867,000
Payments To Self-Governing Aboriginal Organizations, Pursuant To Comprehensive Land Claim Agreements, Self-Government Agreements Or Treaty Legislation	39,143,063
Contributions To The Beneficiaries And Various Implementing Bodies For The Purpose Of Implementing Comprehensive Land Claim Settlements	35,028,110
Payments To Yukon First Nations Pursuant To Individual Self-Government Agreements	30,361,494
Contributions To Indian Bands For Land And Estates Management	28,763,510

Contributions To Support The Building Of Strong Governance, Administrative And Accountability Systems	28,732,819
Grant For Mi'kmaq Education In Nova Scotia	27,683,555
Federal Interlocutor Federal Interlocutor's Contribution Program	16,616,256
Contributions To Indian, Inuit And Innu Communities, *Indian Act* Bands And Band Groupings To Facilitate Their Participation In The Negotiation Of The Inherent Right Of Self-Government	15,870,626
Funding To Native Claimant Entities Or Organizations For Negotiation Preparedness	14,015,277
Contributions Indian And Inuit Affairs Contributions To Native Claimants For The Preparation And Submission Of Claims	12,087,307
Contributions To The Yukon Government For The Government Of Canada's Share Of Extraordinary Forest Fire Suppression Costs In The Yukon	10,850,000
Contributions To The Province Of Newfoundland And Labrador For The Provision Of Programs And Services To Native People Resident In Newfoundland And Labrador	10,003,996
Grant To The Miawpukek Indian Band To Support Designated Programs	8,551,300
Contributions To Implement The *First Nations Land Management Act*	7,828,457
Grants To Provide Income Support To Indigent On-Reserve Residents	7,560,811
Contributions To Provinces, Corporations, Local Authorities, Indians, Indian Bands And Other Organizations For Forest Fire Suppression On Reserve Land	7,543,037
Contributions To Individuals, Organizations And Other Levels Of Government For Consultations, Research, Training, Employment Initiatives, And Other Work Related To Advancing Northern Interests In The Political, Social, Economic And Cultural Development Of The North	6,702,080
Grants To Representative Status Indian Organizations To Support Their Administration	5,587,472
Payments To Piikani Nation To Implement Economic Development Components Of The Piikani Nation/Canada/Alberta Settlement Agreement	5,000,000
Contributions To Indian Bands For Registration Administration	4,801,821
Contributions To The British Columbia Treaty Commissioners For The Purpose Of Supporting First Nations In The British Columbia Treaty Commission Process	4,440,000
Grants To The Sechelt Indian Band Pursuant To The *Sechelt Indian Band Self-Government Act*	3,995,422
Canada's Contribution To The British Columbia Treaty Commission And To The First Nation Summit For Operating Costs	2,788,983
Contributions To First Nations In The British Columbia Treaty Process, Their Organizations, The Province Of British Columbia And Third Parties For Treaty-Related Measures	2,065,586
(S) *Indian Annuities Treaty* Payments	1,459,967
Contributions To Provincially And/Or Regionally Based Treaty Commissions	1,175,700
Grant To The Chippewas Of Kettle And Stony Point Band, Pursuant To The Seniors Compensation Advance Payment Agreement	1,050,000
Grants To Indians And Inuit To Support Their Post-Secondary Educational Advancement	1,030,944
Northern Affairs Grants To Canadian Universities And Institutes For Northern Scientific Research Training	1,000,000
Contributions For The Purpose Of Resource Development	985,045
Contribution To The Cree-Naskapi Commission For Monitoring The Implementation Of The *Cree-Naskapi (Of Quebec) Act*	685,324
Contributions To Territorial Governments In Relation To Regional Development And Infrastructure Projects	685,000
Departmental Management And Administration Contributions To The Inuit Art Foundation For The Purpose Of Assisting Inuit Artists And Artisans From The Northwest Territories, Nunavut, Northern Quebec And Labrador In The Development Of Their Professional Skills And Marketing Of Their Art	458,000

Contributions To Individuals (Including Non-Indians) Or Groups Of Individuals, Organizations And Bands In Respect Of Bill C-31 Test Cases	420,655
Contributions To Individuals, Indian Bands And Associations For The Funding Of Indian Test Cases	401,050
Indian And Northern Affairs Canada Grants Indian And Inuit Affairs Grant To The Makivik Corporation For James Bay And Northern Quebec Agreement Implementation	349,393
Payment To The Government Of The Northwest Territories To Facilitate The Implementation Of Comprehensive Land Claim Agreements	313,421
Grants To British Columbia Indian Bands In Lieu Of A Per Capita Annuity	300,000
Grant To The Province Of Saskatchewan For The Payment To School Districts Of Compensation For The Loss Of Their Tax Base As A Result Of The Settlement Of Treaty Land Entitlement Claims In Saskatchewan	282,146
Grant To The Saskatchewan Association Of Rural Municipalities For The Payment To Rural Municipalities Of Compensation For The Loss Of Their Tax Base As A Result Of The Settlement Of Treaty Land Entitlement Claims In Saskatchewan	238,351
Payments To Claimant Groups To Perform Enrolment And Ratification Activities Associated With Claims Settlements Prior To Effective Date Of Final Settlement Agreements	199,736
Contributions For Inuit Counselling In The South	80,000
Grant To The Association Of Canadian Universities For Northern Studies For The Purpose Of Coordinating The Northern Scientific Activities Of Canadian Universities	76,000
Urban Aboriginal Strategy	54,466
Grants To Inuit To Support Their Cultural Advancement	45,000
Grants To Students And Their Chaperones To Promote Fire Protection Awareness In Band- And Federally Operated Schools	8,392
Grants To Indians And Inuit To Provide Elementary And Secondary Educational Support Services	4,586
Grant In The Form Of An Award To The Person Judged To Have Made An Outstanding Contribution In The Field Of Northern Science	4,500
Total	**4,933,580,244**

Western Economic Diversification Canada	**$**
Contributions To The Western Provinces Under The Infrastructure Canada Program	130,639,462
Contributions Under Programs Or For Projects That Promote Or Enhance The Economic Development And Diversification Of Western Canada, Including The Initiation, Promotion Or Expansion Of Enterprises, The Establishment Of New Businesses, Research And Development Activities, The Development Of Business Infrastructure, And Selective Contributions To Other Programs Affecting Regional And Economic Development In Western Canada	123,492,188
Contributions Under The Innovation And Community Investment Program Will Be Made Towards Activities That Support Innovation Or Assist Communities In Participating In The New Knowledge-Based Economy	9,421,993
Contributions To Western Small And Medium-Sized Enterprises In Strategic Growth Industries Through The Establishment Of Specialized Loan/Investment Funds, On Commercial Terms, In Cooperation With Private- And Public-Sector Providers Of Debt/Equity Capital	1,541,531
Contributions For Red River Flood Protection Program	1,121,766
Total	**266,216,940**

Canadian Nuclear Safety Commission	$
Contribution To CSA For The Nuclear Standards Program	80,000
Contribution To The Swedish Nuclear Power Institute For Decovalex III	50,861
Contribution To McMaster University For The University Network Of Excellence In Nuclear Engineering Project	30,000
Contribution To The University Of Illinois At Urbana-Champaign In Support Of The Information System Of Occupational Exposure	18,750
Contribution To The Organisation For Economic Co-operation And Development (OECD) For The International Common-Cause Failure Data Exchange Project	17,929
Canadian Nuclear Safety Commission Grants Health, Safety, Security And Environmental Protection Grants To Support Non-Profit Organizations That Are Furthering The Development Of Nuclear Safety Standards	12,000
Contribution To The Organisation For Economic Co-operation And Development (OECD) For The Piping Failure Data Exchange Project	9,417
Contribution To The Municipality Of Durham To Update A Report On Radiation And Health Items Not Required For The Current Year	8,000
Total	**226,957**

Citizenship and Immigration Canada	$
Grant For The Canada–Quebec Accord On Immigration	160,786,000
Language Instruction For Newcomers To Canada	94,033,368
Contributions To Provinces	45,671,564
Resettlement Assistance	42,529,960
Immigrant Settlement And Adaptation	38,358,314
Host Program	3,110,471
International Organization For Migration	1,204,557
Immigration Consultants Program	500,000
Migration Policy Development	256,575
Total	**386,450,809**

Correctional Service Canada	$
Payments To Aboriginal Communities For The Delivery Of Aboriginal Correctional Programs And Services	1,502,130
Reintegration Contributions For The Purpose Of Providing Parolee Services, Individual And Group Inmate Services, Community Education And Involvement As They Relate To Correctional Services And Other Complementary Services	933,439
Corporate Management Contributions For The Purpose Of Providing Parolee Services, Individual And Group Inmate Services, Community Education And Involvement As They Relate To Correctional Services And Other Complementary Services	264,891

Contributions To Non-Profit Organizations Involved In Community Corrections Operations, Provinces And Municipalities Towards Construction Done By Those Bodies	200,000
Correctional Service Grants Care Grant To The University Of Saskatchewan, Department Of Psychology, For A Chair In Forensic Psychology	118,264
Corporate Management Penitentiary Inmates Accident Compensation	48,933
Total	**3,067,657**

Treasury Board of Canada Secretariat	**$**
Other Transfer Payments PS Compensation And Benefits Payments, In The Nature Of Workers' Compensation, In Accordance With The Public Service Income Benefit Plan For Survivors Of Employees Slain On Duty	327,459
Contributions Information Management And Information Technology Research And Policy Initiatives Assistance	258,932
(S) *Public Service Pension Adjustment Act*	24,332
Special Indemnity Plan For Spouses Of Canadian Forces Attachés	3,618
Total	**614,341**

Canadian Institutes of Health Research	**$**
Creation And Translation Of New Knowledge For Improving Health Grants For Research Projects And Personnel Support	686,590,838
Institute Support Grants	13,000,000
Canada Graduate Scholarships	5,098,532
Total	**704,689,370**

Social Sciences and Humanities Research Council of Canada	**$**
Indirect Costs Of Research	244,518,326
Social Sciences and Humanities Research Council of Canada Grants In Support Of Research And Scholarship	221,232,828
Canada Graduate Scholarships	31,274,688
Total	**497,025,842**

House of Commons	**$**
House Of Commons Contributions Committee Contributions To Parliamentary And Procedural Associations	1,602,146
Total	**1,602,146**

Status of Women Canada	$
Women's Program Grants To Women's And Other Voluntary Organizations For The Purpose Of Furthering Women's Participation In Canadian Society	10,840,000
Total	**10,840,000**

Statistics Canada	$
Statistics Canada Contributions Economic And Social Statistics Contribution Under The Health Information Program	560,800
Total	**560,800**

Fisheries and Oceans Canada	$
Contributions Under Fisheries Access Program	47,452,125
Contributions To Support Increased Native Participation In Commercial Fisheries, Cooperative Fisheries Management Arrangements And Consultations Respecting Aboriginal Fisheries Agreements	35,854,867
Contribution Agreements With The Canadian Coast Guard Auxiliary For The Provision Of Voluntary Search And Rescue Services And The Promotion Of Boating Safety Through Accident Prevention And Education	4,898,656
Contributions Under The Aboriginal Aquatic Resource And Oceans Management Program	1,382,471
Contributions To The Youth Employment Initiatives	704,393
Contributions Under The Inuvialuit Final Agreement For The Protection Of Wildlife Harvesting, Land Ownership, Resource Management, And Economic And Social Development	589,500
Contribution To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	585,736
Class Grant Program For The Disposal Of Small Craft Harbours	495,000
Contributions To Older Groundfish Fishermen Who Meet Model Terms And Conditions For The Early Retirement Program Of The Atlantic Groundfish Strategy	482,176
Contribution To The Pacific Salmon Foundation	474,651
Contributions To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	352,285
Contributions To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	331,859
Contributions Under The Aboriginal Inland Habitat Program	294,150
Grants To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	289,965
Contributions To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	188,000
Contribution To The Salmon Sub-Committee Of The Yukon Fish And Wildlife Management Board For Implementing Responsibilities Pursuant To Comprehensive Land Claim Settlements	153,061
Contributions To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	103,612

Contributions Under The Youth Employment Initiatives	77,050
Grants To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	76,135
Contribution To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	75,000
Contribution To The World Maritime University In Respect Of Establishing A Canadian Maritime Environment Protection Chair	75,000
Grants To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	25,000
Contribution To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	25,000
Contribution To Support Organizations Associated With Research, Development, Management, And Promotion Of Fisheries And Oceans-Related Issues	25,000
Total	**95,010,692**

Public Safety and Emergency Preparedness Canada	**$**
Emergency Management And National Security	107,781,935
First Nations Policing Program Payments To The Provinces, Territories, Municipalities, Indian Band Councils And Recognized Authorities Representing Indians On Reserve, Indian Communities On Crown Land And Inuit Communities For The First Nations Policing Program	62,883,092
National Crime Prevention Centre	35,344,076
National Crime Prevention Centre	9,832,220
Contributions Advice To The Solicitor General Regarding Ministerial Direction To The Agencies, Portfolio Management And National Policy Leadership Payments To The Provinces, Territories, Public And Private Bodies In Support Of Activities Complementary To Those Of The Solicitor General	2,799,300
Other National Voluntary Organizations Active In The Criminal Justice Sector	834,542
Solicitor General Canada (Public Safety And Emergency Preparedness) Department Grants Advice To The Solicitor General Canada Regarding Ministerial Direction To The Agencies, Portfolio Management And National Policy Leadership John Howard Society	509,795
Research And Development Public Safety	500,000
Canadian Association Of Elizabeth Fry Societies	451,807
Emergency Management And National Security Stuart Nesbitt White (SNW) Fellowship	54,000
Total	**220,990,767**

Office of The Information Commissioner of Canada	**$**
Offices Of The Information And Privacy Commissioners Of Canada Office Of The Privacy Commissioner Of Canada Program Contributions Protection Of Personal Information (Private Sector) Contributions In Support Of Research Into And The Promotion Of The Protection Of Personal Information	367,409
Total	**367,409**

Canadian Space Agency	$
Contributions Space Knowledge, Applications And Industry Development Contributions To The Canada/European Space Agency (ESA) Cooperation Agreement	29,991,759
Contributions To The Cascade Technology Demonstration/Enhanced Polar Outflow Probe Small Satellite (Cassiope Mission)	17,450,000
Canadian Space Agency Grants Space Knowledge, Applications And Industry Development Class Grant Program To Support Awareness, Research And Training In Space Science And Technology	1,394,348
Class Contribution Program To Support Awareness, Research And Training In Space Science And Technology	176,173
Total	**49,012,280**

Canadian Polar Commission	$
Canadian Polar Commission Contributions To Individuals, Organizations, Associations And Institutions To Support Research And Activities Relating To The Polar Regions	10,000
Total	**10,000**

Parks Canada	$
Contributions In Support Of The Historic Places Initiative	2,835,826
Contributions In Support Of Activities Or Projects Related To National Parks, National Marine Conservation Areas, National Historic Sites And Historic Canals	1,689,179
Contributions In Support Of Activities Or Projects Related To National Parks, National Marine Conservation Areas, National Historic Sites And Historic Canals	137,840
Grants In Support Of Activities Or Projects Related To National Parks, National Marine Conservation Areas, National Historic Sites And Historic Canals	22,700
Total	**4,685,545**

Public Works and Government Services Canada	$
Contributions To Argentia Management Authority	500,000
Public Works And Government Services Canada Grants Real Property Services Grant In Kind To The Royal Society Of Canada	79,002
Contributions Real Property Services Canadian Standards Association	11,998
Total	**591,000**

Canada Revenue Agency	$
(S) Children's Special Allowance Payments	159,365,898
Contributions To The Province Of Quebec In Respect Of The Joint Administration Costs Of Federal And Provincial Sales Taxes	127,173,170
Contribution To The Canadian Home Builders' Association To Support The “Get It In Writing!” Consumer Information Campaign	334,620
Total	**286,873,688**

Canadian Heritage	$
Contributions To Support The Development Of Official Language Communities Program	204,715,357
Contributions To The Canadian Television Fund	99,550,000
Contributions To Support The Enhancement Of Official Languages Program	90,483,203
Contributions For The Sport Support Program	83,256,198
Contributions To Aboriginal Associations, Aboriginal Women's Groups, Aboriginal Community Groups, Aboriginal Communications Societies, Aboriginal Friendship Centres And Associations Specifically Representing Aboriginal Friendship Centres	66,167,141
Grant To The 2010 Games Operating Trust Society	55,000,000
Grants To Eligible Publishers Of Canadian Periodicals To Defray A Portion Of Mailing Costs	49,192,576
Contributions In Support Of Publishing, Sound Recording And Multimedia Organizations To Enhance Their Development And Distribution: Contributions For The Book Publishing Industry Development Program	37,802,167
Contributions In Support Of The Arts Presentation Canada Program	26,893,781
Contributions For The Games Hosting Program	25,331,997
Contributions In Support Of The Cultural Spaces Canada Program	24,379,651
Grants To The Athlete Assistance Program	19,845,324
Contributions In Support Of The Exchanges Canada Initiative	19,810,646
Contributions In Support Of The Katimavik Program	19,776,000
Contributions For The National Arts Training Program	16,000,000
Contributions To The Canadian Magazine Publishing Industry	14,902,049
Contributions To The New Musical Works Program	11,754,084
Contributions To Non-Profit Organizations, Universities, Institutions And Individuals For Promoting Multiculturalism	11,329,461
Contributions To Non-Profit Organizations, Canadian Institutions, Individuals, The Private And Public Sectors And Other Levels Of Government For The Purpose Of Furthering Participation In Canadian Society And Celebrate Canada! Activities	9,161,248
Contributions To The Canada New Media Fund	9,000,000
Contributions In Support Of The Community Partnerships Program	8,034,814
Grants To Arts Organizations For Endowment Purposes	7,972,518

Contributions In Support Of Broadcasting Distribution	7,425,122
Contributions To Arts And Heritage Organizations For Capacity Building Projects	7,354,114
Contributions To Non-Profit Museums, National And International Museums Associations And Heritage Institutions For The Purpose Of Enhancing Access To Canadian Heritage: Contributions To Canadian Museums To Support Their Public Programming Activities	7,347,121
Contributions To The Partnerships Fund	6,898,747
Contributions To The Music Entrepreneur Program	5,875,117
Contributions In Support Of The Historic Places Initiative	5,671,058
Contributions In Support Of The Canadian Culture Online Program	5,041,825
Grants To Organizations, Associations And Institutions To Promote The Vitality And Long-Term Development Of Official Language Minority Communities Through The Development Of Official Language Communities Program	4,595,787
Contributions In Support Of The Information And Research On Canada Program	4,300,000
Grants To Museums And Other Organizations In Canada For Their Operations, Special Projects, Training, Registration, Purchase Of Equipment And Construction Of Facilities	3,644,125
Contributions In Support Of The Collective Initiatives Program	2,588,453
Contributions In Support Of The National Training Program In The Film And Video Sector	2,550,000
Contributions To Canadian Cultural Communities	2,490,742
Contributions In Support Of The Trade Routes: Canada's Trade Opportunities Program	2,076,477
Contributions Under Special Authority	1,958,589
Grants To Non-Profit Organizations, Canadian Institutions, Individuals, The Private And Public Sectors And Other Levels Of Government For The Purpose Of Furthering Participation In Canadian Society And Celebrate Canada! Activities	1,727,092
Grant To The Canadian Unity Council In Support Of Its Canadians In Europe Project	1,705,900
Contributions In Support Of The Canadian Feature Film Policy	1,700,000
Contribution To Fathers Of Confederation Buildings Trust, Charlottetown, Prince Edward Island	1,500,000
Grant To The Hnatyshyn Foundation	1,200,000
Grants To Stabilization Funds	1,045,000
Grants To Non-Profit Organizations, Universities, Institutions And Individuals For Promoting Multiculturalism	1,026,750
Contributions In Support Of The Creators' Assistance Program	906,561
Contributions To The Arts, Culture And Diversity Program	870,000
Grant To TV5 Monde	868,364
Contributions In Support Of The Applied Research In Interactive Media Program	841,492
(S) Payments Under The *Lieutenant Governors Superannuation Act*	666,576
Contributions In Support Of The Sector Associations Program	650,998
Contribution To The Canadian Museums Association	560,000
Grants To Organizations, Associations And Institutions To Promote The Full Recognition And Use Of The Official Languages In Canadian Society Through The Enhancement Of Official Languages Program	468,984

Contributions For Limited Support For Endangered Arts Organizations	250,000
Contributions To The Electronic Copyright Fund	224,415
Grants To Non-Profit Museums, National And International Museums Associations And Heritage Institutions For The Purpose Of Enhancing Access To Canadian Heritage: Grants To Institutions And Public Authorities In Canada In Accordance With Section 35 Of The *Cultural Property Export And Import Act*	177,331
Contributions To The Canadian Music Memories Program	175,000
(S) Supplementary Retirement Benefits Former Lieutenant Governors	156,345
Grants To Aboriginal Friendship Centres, Associations Specifically Representing Aboriginal Friendship Centres, Aboriginal Associations, Aboriginal Women's Groups, Aboriginal Community Groups, Aboriginal Communication Societies	150,899
Quebec	147,372
Ontario	105,627
British Columbia	97,814
Grants To The Lieutenant Governors Of The Provinces Of Canada Towards Defraying The Cost Of Travel And Hospitality Incurred In The Exercise Of Their Duties: Newfoundland And Labrador	77,590
Alberta	75,940
Manitoba	73,762
Saskatchewan	73,758
Nova Scotia	64,198
New Brunswick	62,000
Prince Edward Island	57,071
Grants In Support Of Innovative Youth Exchange Projects	54,900
Total	**997,937,231**

Canadian Food Inspection Agency	**$**
(S) Compensation Payments In Accordance With Requirements Established By Regulations Under The *Health Of Animals Act* And The *Plant Protection Act,* And Authorized Pursuant To The *Canadian Food Inspection Agency Act*	68,618,854
(S) Compensation Payments In Accordance With Requirements Established By Regulations Under The *Health Of Animals Act* And The *Plant Protection Act,* And Authorized Pursuant To The *Canadian Food Inspection Agency Act*	4,039,796
Contributions In Support Of Those Initiatives That Contribute To The Improvement, Advancement And Promotion Of The Federal Inspection System	289,154
Contributions In Support Of Those Initiatives That Contribute To The Improvement, Advancement And Promotion Of The Federal Inspection System	282,452
Contributions In Support Of Those Initiatives That Contribute To The Improvement, Advancement And Promotion Of The Federal Inspection System	187,183
Contribution To The Provinces In Accordance With The Rabies Indemnification Regulations Of The Governor In Council Of Amounts Not Exceeding Two-Fifths Of The Amounts Paid By The Provinces To Owners Of Animals Dying As A Result Of Rabies Infection	3,905
Total	**73,421,344**

Infrastructure Canada	$
Contributions Under The Canada Strategic Infrastructure Fund	156,454,188
Contributions Under The Border Infrastructure Fund	38,759,661
Infrastructure Canada Contributions Infrastructure Investments And Information Contribution To The Federation Of Canadian Municipalities To Develop The National Guide To Sustainable Municipal Infrastructure	3,719,910
Contributions Under The Municipal Rural Infrastructure Fund	418,016
Contributions Towards The Research, Knowledge And Outreach Program	53,500
Total	**199,405,275**

Canada Firearms Centre	$
Canada Firearms Centre Contributions Administration Of The Canadian Firearms Program Contributions To The Provinces And Territories For The Canadian Firearms Program	12,562,126
Total	**12,562,126**

Library and Archives Canada	$
Documentary Heritage Known, Accessible And Used Canadian Archival Community In Support Of Archival Projects Leading To The Development Of A National Network Of Canadian Archives, Holdings, Activities And Services	1,322,492
Canadian Archival Community In Support Of Archival Projects Leading To The Development Of A National Network Of Canadian Archives, Holdings, Activities And Services	640,000
Canadian Council Of Archives	600,000
Canadian Archival Community In Support Of Projects Relating To The Conservation Of Archival Records, Conservation Research, And Conservation Training And Information	500,000
International Serials Data System	25,000
International Federation Of Library Associations And Institutions	11,000
Total	**3,098,492**

Public Service Human Resources Management Agency of Canada	$
Youth Internship Program	16,081,569
Total	**16,081,569**

Indian Residential Schools Resolution Canada	$
Indian Residential Schools Resolution Canada Contributions, Contributions For The Purpose Of Consultation And Policy Development	4,418,191
Total	**4,418,191**

Canadian Environmental Assessment Agency	$
Contributions For The Support Of Public Participation In The Environmental Assessment Review Process Participant Funding Program	450,205
Contribution To The Province Of Quebec James Bay And Northern Quebec Agreement	245,500
Contributions To Support The Promotion Of Research And Development Of Environmental Assessment	235,389
Total	**931,094**

Auditor General of Canada	$
Canadian Comprehensive Auditing Foundation	378,827
Total	**378,827**

Department of Finance Canada	$
(S) Payments To The International Development Association	292,420,000
To Meet Commitments Made By Canada Under Multilateral Debt Service Reduction Agreements	60,660,717
To Meet Commitments Made By Canada Under Multilateral Debt Reduction Agreements	58,074,139
Grant To The World Bank's Heavily Indebted Poor Countries Trust Fund	34,400,000
(S) Payments To The International Monetary Fund's Poverty Reduction And Growth Facility	7,822,874
Research And Policy Initiatives Assistance	25,000
Research And Policy Initiatives Assistance	15,909
Total	**453,418,639**

Governor General of Canada	$
(S) Annuities Payable Under The *Governor General's Act*	288,350
Total	**288,350**

Senate of Canada	$
Contributions Committees And Associations Contributions To Parliamentary Associations	364,183
(S) Parliament The Senate Grants Senators And Their Offices Pensions To Retired Senators	177,970
Total	**542,153**

International Trade Canada	$
Trade Policy Contributions To Provinces Related To Softwood Lumber Export Controls	49,800,743
Contributions Under The Program For Export Market Development	7,206,812
Contributions Under The Program For Export Market Development Investment	3,393,586
Contributions International Business Development Going Global Science And Technology Program	325,122
Trade Policy Grant For Trade-Related Technical Assistance	156,000
Total	**60,882,263**

Economic Development Agency of Canada for the Regions of Quebec	$
Contributions Under The Regional Strategic Initiative Program	94,204,261
Contributions To The Province Of Quebec Under The Infrastructure Canada Program	85,338,711
Contributions Under The Innovation Development Entrepreneurship And Access Program (IDEA) For Small And Medium Businesses	72,824,281
Contributions Under The Community Futures Program	31,133,686
Contributions Under The Canadian Support Program For The Economy Of Gaspé And Iles-De-La-Madeleine	2,748,902
Grants Under The Innovation Development Entrepreneurship And Access Program (IDEA) For Small And Medium Businesses	66,500
Contributions To The Province Of Quebec Under The Canada Infrastructure Works Agreement	37,491
Total	**286,353,832**

Atlantic Canada Opportunities Agency	$
Contributions Under The Business Development Program	154,488,037
Contribution For The Strategic Community Investment Fund	76,727,610
Contribution For The Atlantic Innovation Fund	56,023,866
Contributions To The Atlantic Provinces Under The Infrastructure Canada Program	31,833,940
Contribution For Trade, Investment, Entrepreneurship And Business Skills Development	22,603,045
Contributions Under The Federal Provincial Cooperation Program	10,497,175
Contributions Under The Community Futures Program	9,381,013
Grants To Non-Profit Organizations To Promote Economic Cooperation And Development	754,192
Contributions For The Saint John Shipyard Adjustment Initiative	699,862
Contributions Under The Atlantic Policy Research Initiative	360,067
Contributions Under The Canadian Fisheries Adjustment And Restructuring Initiative	3,411
Total	**363,372,218**

Chief Electoral Officer of Canada	$
(S) Reimbursement Of Election Expenses Of The 37th And 38th General Elections And The May 2003 By-Election, To Eligible Political Parties And Candidates	58,291,690
(S) Chief Electoral Officer of Canada Other Transfer Payments Elections Quarterly Allowance To Eligible Political Parties (New Political Financing Provision Under The *Canada Elections Act*)	7,225,700
Total	**65,517,390**

Canada School of Public Service	$
Canada School Of Public Service Contributions Contribute To Research Or Activities Related To The Theory And Practice Of Public-Sector Management	164,000
Total	**164,000**

GRAND TOTAL	***26,961,744,746***