

# Industry Canada corporate funding branch to attract lobbyists has not been fixed, despite the spin cycle

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By KEN RUBIN

The bad habits of the decade-old multi-billion dollar Technical Partnerships Canada (TPC) began in 1996 are now claimed to be all in the past. That's what the latest Industry Canada Minister, David Emerson, would have us believe. But as a watchdog on all things TPC, I doubt it.

The number one promise by the Minister in the "new" TTP (Transformation Technologies Program) is that all lobbyists will be better behaved and will all register. As well, not one of them should get direct tax-paid commissions or other "service" or "success" fees from companies they represent winning federal monies. Not to register as a lobbyist is a criminal offence and the TPC rules state that companies agreed to forbid contingency fees.

Still, for most of the lobbyists who did follow TTP rules, millions were made in going after the \$1.7-billion pie for "corporate research innovations." That will continue, but, nowhere are all those lobbyists' earnings required to be registered.

The Industry Minister defends the use of lobbyists as if government personnel are not good enough to properly explain and shepherd through company applications.

So far, too, the winning companies using unregistered lobbyists charging contingency fees are quite content to quietly pay back Ottawa that hundreds of thousands of dollars portion of what they paid out.

Those lobbyists publicly identified as being under investigation at this point are Neelam Makhija, of NJM Initiatives Inc., and David Dingwall and his Walliding International.

So lobbyists minus any improper dealings can expect more, not less work as TTP expands federal corporate grant-giving as approved by the Martin Cabinet. And Industry Minister Emerson still is in charge of the federal administration of Canada's weak lobbyists' regulation rules.

The number two promise made is for a more accountable administration of the "enhanced" Industry Canada corporate research development program.

How is this to be so, for instance, when the junior bureaucrats handling the B.C.-based companies that allegedly won millions for which Neelam Makhija received commissions for are absolved of any wrong

doing? And why, to date, is there not more focus on more senior officials with knowledge and responsibilities or relationships with unregistered lobbyists?

Meanwhile, a few of the staff in their role as technical advisers at TPC's sister program at the National Research Council—IRAP (Industrial Research Assistance Program) are being investigated about "irregularities" with business clients. The Industry Minister is responsible for both programs.

Previous Consulting and Audit Canada individual company compliance audits on TPC projects have at times questioned certain companies' claims at job creation, royalties and use of funds received.

And heavily-censored documents indicate that many companies subsequent to signing agreements had them amended one or more times. Who benefited from such amendments?

The number three promise calls for better procedures. Minister Emerson says he would set up a panel or panels of experts to assess corporate requests for public monies. But TPC already used experts, and it's likely some of the quality and biases of their work warrants looking into.

The underlying problem with TPC organizational procedures—that one secret draft document that I obtained under the Access to Information Act states—is that the application process was far from fair or rigorous.

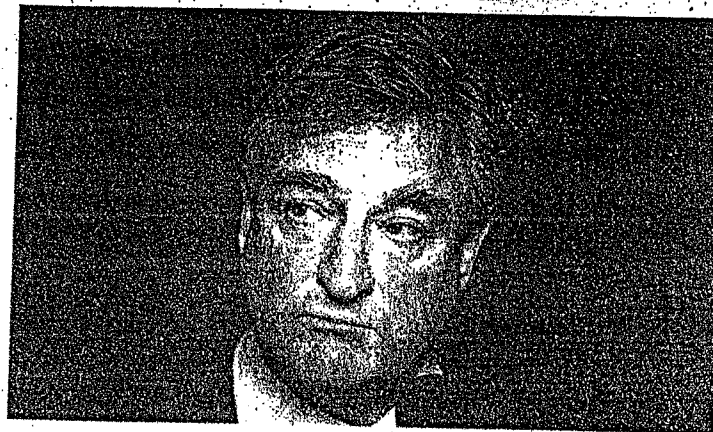
It took me months to correct Industry Canada's initial denial and concealment that TPC had an initial prioritization committee that looked at incoming company summary proposals. One case involved that committee's quick review of a company's rejected proposal that was using Makhija as a consultant, turning it into a go-ahead prospect.

Viewing bits and pieces, not stamped confidential, of the three-stage TPC ad hoc review committees of company applications hardly raised my confidence in the program's decision-making approval process and checking procedures. That lax administration gives lobbyists a wider opening to ply their trade.

The impression left is of a sloppy program. And indeed, the Auditor General's Office is now having a second look at the TPC program.

Number four is a promise that the new TTP (Transformation Technologies Program) program will not get into worrying about repayment of loans anymore and be more of a straight subsidy program with more funds going to help smaller companies.

Some transformation! And Ottawa reluctantly admits its recovery loan rate



Industry Canada's lobbying world: Industry Minister David Emerson says he would set up a panel or panels of experts to assess corporate requests for public monies. But TPC already used experts.

through repayments of only some \$125.3 million up to the end of September is way off. As well, Industry Canada readily allows companies not to release their repayments or repayment schedules.

It looks like millions will never be repaid despite former industry minister Allan Rock's belief that the TPC program would break even on its investments.

Meanwhile, the government has accepted the advice of the high-powered firm Sussex Circle, which said to turn the fuzzy repayable loan program into a money payout one. Ottawa would get no equity, royalties, or, much else.

The TPC program has been notorious at giving a disproportionate amount of funds to Central Canada and to larger firms such as Pratt and Whitney, Bombardier, Rolls-Royce and Canada Steamship Lines.

It's yet another matter whether TPC actually worked or was responsible for bringing on new cutting-edge technologies. The same ailing aerospace/defence sector that needs shoring up will still be the biggest clientele under TTP.

Lastly, the number five promise is that TTP will be much more transparent.

Well, as someone who has sought information in the last decade on the TPC program and been regularly stalled and denied much data and has been provided with half-truths, I'm not convinced that will happen.

Nor do I expect all the past poor practices and wrongdoings will ever come out in all the audit work underway. Two recent

Industry Canada-commissioned forensic auditors (Kroll Lindquist Avey, Raymond Chabot Grant Thornton) do confirm that not all key decisions and transactions in the TPC program can be traced and documented.

It's hardly an encouraging sign that the integrity of the access process won't be further compromised when access materials sought were held back until Minister Emerson made his political announcements on TPC program changes.

And no one is saying that commercial confidentiality claims that render so much data sought secret will not remain, even if some more information is to be posted on the internet.

There is then little substantial change underway in this highly-political corporate giving program. It's basically a case of business-as-usual for past and future corporate winners in an expanded program. That's what industry and government bureaucrats and former ministers have wanted all along. And the more inefficiently-run the program, the better for lobbyists.

The shaky levees have been breached. The repairs are temporary and patchy. And yes, the flood of monies will continue to flow.

For the last decade, Ottawa investigative researcher Ken Rubin has monitored the TPC program implementation and twists and turns, with various stories appearing in the media using documentation that he ferreted out.

See related columns on P. 8, 37, 38.

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