

**BILL C-17: AN ACT TO AMEND
THE BUDGET IMPLEMENTATION ACT, 1997
AND THE FINANCIAL ADMINISTRATION ACT**

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LEGISLATIVE HISTORY OF BILL C-17

HOUSE OF COMMONS

Bill Stage	Date
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First Reading: 15 March 2001
Second Reading: 23 April 2001
Committee Report: 4 May 2001
Report Stage: 9 May 2001
Third Reading: 14 May 2001

SENATE

Bill Stage	Date
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First Reading: 15 May 2001
Second Reading: 30 May 2001
Committee Report: 7 June 2001
Report Stage:
Third Reading: 11 June 2001

Royal Assent: 14 June 2001

Statutes of Canada 2001, c.11

N.B. Any substantive changes in this Legislative Summary which have been made since the preceding issue are indicated in **bold print**.

Legislative history by Peter Niemczak

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AN ACT TO AMEND THE BUDGET IMPLEMENTATION ACT, 1997
AND THE FINANCIAL ADMINISTRATION ACT*

BACKGROUND

Bill C-17 was introduced in the House of Commons on 15 March 2001. It has six clauses dealing with matters related to the Canada Foundation for Innovation (arising from the Economic Statement and Budget Update of 18 October 2000) and Parliament's authority for any borrowing by, or on behalf of, the Crown. These matters will be discussed in the order in which they appear in the bill. Clauses 1 to 3 amend the *Budget Implementation Act, 1997*, whereas clauses 4 to 6 amend the *Financial Administration Act*.

DESCRIPTION AND ANALYSIS

A. Canada Foundation for Innovation (Clauses 1 and 2)

Section 2.5 of the *Budget Implementation Act, 1997*, is amended to broaden eligibility for Canada Foundation for Innovation (CFI) funding to include so-called "soft costs" (costs not directly tied to research and development such as operating and maintenance costs), as well as projects located outside Canada. This means, for example, that CFI funding can be given for proposals that include the purchase of a stake in a research project and/or facilities (laboratories, for example) located outside Canada. Bill C-17 also makes it easier to obtain funding for researchers involved in international collaborative projects.

* Notice: For clarity of exposition, the legislative proposals set out in the Bill described in this Legislative Summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the House of Commons and Senate, and have no force or effect unless and until they are passed by both Houses of Parliament, receive Royal Assent, and come into force.

Initially, the CFI's mandate was to "provide funds to help post-secondary educational institutions, research hospitals and not-for-profit institutions modernize their research infrastructure and equip themselves for state-of-the-art research" *in* Canada. This legislation changes the wording of the *Budget Implementation Act, 1997*, so that projects located *outside* Canada are also eligible for funding.

B. Additional Funding (Clause 3)

Bill C-17 amends the *Budget Implementation Act, 1997*, by granting a total of \$1.25 billion in additional funding to the Canada Foundation for Innovation (\$750 million plus \$500 million set aside in the 2000 Economic Statement and Budget Update).

The CFI was created in 1997 with an initial endowment of \$800 million. As of the 1999 budget, the program was to run out of funds by 2001. The 2000 budget injected a further \$900 million into the program, extending its life through to 2005-2006. The increases in the Economic Statement plus the one announced with the introduction of this Bill, mean that the CFI will have enough funding to operate until 2010. When the dollar amounts in the latest announcements are included, total government investment in the CFI totals \$3.15 billion.

C. Parliamentary Authority for Money Borrowing or Securities Issuing (Clause 4)

Section 43 of the *Financial Administration Act* is amended to clarify that money borrowed by, or on behalf of, Her Majesty in right of Canada must be expressly authorized, or provided for, by an Act of Parliament. This reinforces the Finance Minister's role in controlling the level of government indebtedness. This amendment circumvents potential borrowings by departments whose own legislation has statements declaring that the *Financial Administration Act* does not apply.

D. Regulations and Minister's Authorization (Clause 5)

Section 60 of the *Financial Administration Act* is amended so the Governor in Council can create two new kinds of regulations to ensure that all possible forms of borrowings are covered by the Act, including the issuance of securities and other transactions. All borrowings covered by these new regulations are subject to the control of the Finance Minister.

E. Exempted Crown Corporations (Clause 6)

When amendments to the *Canadian Wheat Board Act* were made in 1998, the Canada Pension Plan Investment Board was deleted in error from the list of Crown corporations that are exempt from the application of Divisions I to IV of Part X of the *Financial Administration Act*. Bill C-17 corrects this unintended situation by adding the Canada Pension Plan Investment Board back to the list of exempted corporations. This change is retroactive to December 1998.